



*SKY Perfect JSAT  
Holdings Inc.*

# Integrated Report 2022

For the year ended March 31, 2022

Our Unlimited Vision,  
Your Practical Value.

SKY Perfect JSAT Holdings Inc.



**Brand Slogan**

# Our Unlimited Vision, Your Practical Value.

The modern world is overflowing with information. Even a simple search can provide us the answers.

However, our hearts are not stirred by what is known; it is the unknown that excites and arouses us.

SKY Perfect JSAT Group works in the space field, making its potential for growth as vast as the expanse of outer space.

We want to be a company that can turn the unknown into infinite possibilities.

These aspirations of SKY Perfect JSAT are encapsulated in "Our Unlimited Vision, Your Practical Value."

## Space for your Smile

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

"Space for your Smile" captures our core vision for the future, where spaces of all kinds-outer space, land, air and sea, as well as communities, family living rooms and other places people call their own-beam with smiles. From the glints of everyday happiness to the happiness that awaits in the future, we strive to create a world that leads to a brighter tomorrow for each and all.



### Space Business

By establishing an innovative communications network for all of space and a global data collection network, we are helping to make a supersmart society a reality.

### Media Business

We are contributing to the realization of a diverse and highly creative society as a platform that connects people, companies, and society.

### SKY Perfect JSAT Group principles Our Five Key Questions

- Are we rising to new challenges and learning from mistakes?
- Are we collaborating with others to create new value?
- Have we considered whether "pending" is the better choice?
- Are we doing enough to surpass all expectations?
- Can we talk with pride about our work to those dearest to us?

### Editorial Policy

This report is intended to be a tool to promote dialogue with a wide range of stakeholders, including shareholders and investors, as well as provide information on the Group's medium- to long-term value creation, including management strategy, financial and performance trends, and sustainability-related information such as environmental, social, and governance (ESG). We used the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry, the "International Integrated Reporting Framework" issued by the Value Reporting Foundation (VRF), the GRI Standards, and other documents as references in editing this report.

### Company Name

- SKY Perfect JSAT Holdings Inc.: "the Company"
- The Company and its domestic and overseas subsidiaries and affiliates: "the SKY Perfect JSAT Group" and "the Group"
- SKY Perfect JSAT Corporation

### Reporting Period

The report covers fiscal year 2021 (April 2021 to March 2022), but includes some information that was current at the time of publication.

### Future Outlook

Forecasts, strategies, management policies, goals, and other statements in this report that are not historical facts are predictions about the future that are based on the management's assumptions, plans, expectations, and judgments in light of the information currently available to it. They are subject to various risks and uncertainties that could cause actual results to differ significantly from expectations.

### Related Websites

Investor Relations

<https://www.skyperfectjsat.space/en/ir/>

Sustainability

<https://www.skyperfectjsat.space/en/sustainability/>

## About SKY Perfect JSAT

- 02 Business Fields of the SKY Perfect JSAT Group
- 04 The SKY Perfect JSAT Group: A Proven Track Record
- 06 The SKY Perfect JSAT Group: Long-term Vision
- 08 Business Potential of the SKY Perfect JSAT Group

## History of Value Creation

- 10 Message from the President
- 16 Story of Value Creation
- 18 Promotion of Sustainability Management
- 20 Risks and Opportunities

## Putting Value Creation into Practice

- 22 Financial and Non-Financial Highlights
- 24 Message from the CFO
- 28 Review of Operations: Space Business
- 36 Review of Operations: Media Business
- 44 Environment
- 47 Society and Human Resources

## The Governance Underpinning Value Creation

- 50 Board Directors
- 52 Corporate Governance
- 58 Outside Officers' Dialogue

## Data Section

- 60 Satellite Basics
- 62 Satellite Fleet
- 63 Glossary
- 65 Stock Information
- 66 Corporate Information
- 68 Materiality and efforts to address ESG issues

## Financial Section

- 70 Consolidated Financial Highlights
- 72 Management's Discussion and Analysis
- 80 Consolidated Balance Sheet
- 82 Consolidated Statement of Income
- 83 Consolidated Statement of Comprehensive Income
- 84 Consolidated Statement of Changes in Equity
- 85 Consolidated Statement of Cash Flows
- 86 Notes to Consolidated Financial Statements

## Business Fields of the SKY Perfect JSAT Group

# From people's lives on the ground to space



Geostationary orbit

36,000 km

Low earth orbit

2,000 km

Low earth orbit

700 km

Stratosphere

20 km

Atmosphere

10 km

Ground

0 km

Sea

0 km

### Geostationary satellites: Always stay connected, anytime

In 1989, SKY Perfect JSAT successfully launched Japan's first private sector communications satellite JCSAT-1. Since then, SKY Perfect JSAT has launched approximately 30 geostationary satellites, the most in Asia. They have achieved stable communications from space that "always stay connected, anytime," in ordinary times as well as during disasters.

### Satellite data and AI: Using real-time space data on the ground

Low earth orbit satellites fly at an altitude close to the earth's surface. SKY Perfect JSAT has entered the sensing business that utilizes space data obtained from low earth orbit satellites. Earth observation data, such as images and positional information delivered from low earth orbit satellites to the ground in real time, is analyzed using AI technology for disaster prevention, disaster mitigation, and other uses.

### SDGs in space: Space debris removal

Space debris is a global issue. There are an estimated more than 100 million pieces of space debris larger than 1 millimeter, and the number increases as collisions occur. SKY Perfect JSAT Corporation, in cooperation with RIKEN, JAXA, Nagoya University, and Kyushu University, has started to develop a space debris removal satellite. It is the world's first initiative to remove space debris safely and efficiently using a laser-based method.



### HAPS relay station in the sky

We will position a high-altitude platform station (HAPS) in the stratosphere, 20 kilometers from the ground, to be used as a stratospheric platform (relay station in the air). By connecting geostationary satellites, low earth orbit satellites, and drones, HAPS will enable high-capacity, low-latency communications and broadcasting with the ground.

### Communications for mobility: Stay connected even in the sky

We offer Internet connection services for aircraft by satellite communications. Passengers on a plane can connect to the Internet and enjoy entertainment from their smartphone, tablet, or computer.



### Meeting diverse viewership needs through broadcasting and distribution

In addition to broadcasting, we offer the "SPOOX" pay distribution service and a free distribution service for SKY PerfectTV / subscribers to meet the diverse needs of its viewership.



### Fiber-to-the-home business capable of serving 34 million households

We can provide TV re-transmission services, which allow for the viewing of terrestrial, broadcasting satellite/communications satellite, and new 4K/8K satellite broadcasting service using optical fiber lines, to up to 34 million households in 35 prefectures.

### SKY PerfectTV!: Japan's first and largest satellite-based multichannel pay TV broadcast service

SKY PerfectTV! was launched in 1996 as Japan's first satellite-based multichannel pay TV broadcast service. With approximately 140 channels, the most channels in Japan, and approximately three million subscribers, SKY PerfectTV! provides a wonderfully rich viewing experience.



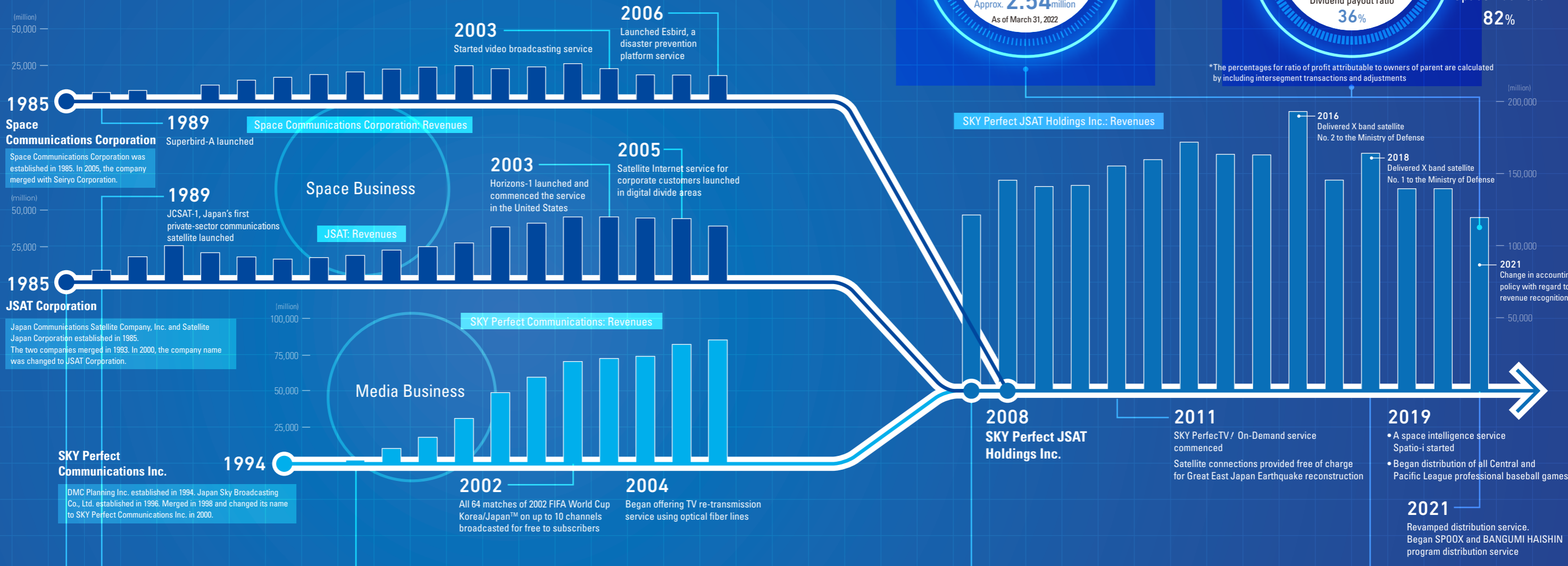
### Communications for mobility: Stay connected even at sea

We offer Internet connection services via satellite communications over a wide sea area, meeting the demand for Internet access at sea where terrestrial line communications are difficult.

## The SKY Perfect JSAT Group: A Proven Track Record

# The unknown no one had attempted before.

In 1989, SKY Perfect JSAT took its first leap forward by doing the unprecedented—launching Japan’s first private-sector communications satellite. Since then, it has continued to place itself in uncharted territory, establishing entirely new businesses that no one in Japan has tried before.



**1985**  
**Beginning of the satellite business**  
With the internationalization of satellite procurement and the deregulation of the telecommunications sector due to the revision of the Telecommunications Business Act, the precursor to the Group, Japan Communications Satellite Company, Inc., was established along with Space Communications Corporation and Satellite Japan Corporation in 1985.

**1989**  
**Birth of private space infrastructure**  
Japan Communications Satellite Company, Inc. launches JCSAT-1, Japan's first private-sector communications satellite, in March, while Space Communications Corporation launches the Superbird-A in June.

**1996**  
**Japan's first digital satellite-based multichannel broadcasts begin**  
With the revision of the Broadcasting Act allowing outsourcing of program broadcasting operations, multichannel pay TV using satellite communications was launched as well.

**2007**  
**The birth of SKY Perfect JSAT**  
In 2007, SKY Perfect Communications Inc. and JSAT Corporation merged to form a joint holding company, SKY Perfect JSAT Corporation. The following year, the name of the holding company was changed to SKY Perfect JSAT Holdings Inc. In October 2008, the three companies merged to form SKY Perfect JSAT Corporation, which remains the name today.

**2018**  
**Formulation of the Group Mission**  
To meet the challenge of creating new business domains, we redefined our role and established the SKY Perfect JSAT Group Mission "Space for your Smile."

**2022**  
**A new phase—looking toward 2030**  
We will help make Society 5.0 a reality by developing technologies and services in both the Space Business and the Media Business, and we will make investments on an unprecedented scale so that we can meet challenges head-on as we approach 2030.

What is SKY Perfect JSAT?

## The SKY Perfect JSAT Group: Long-term Vision

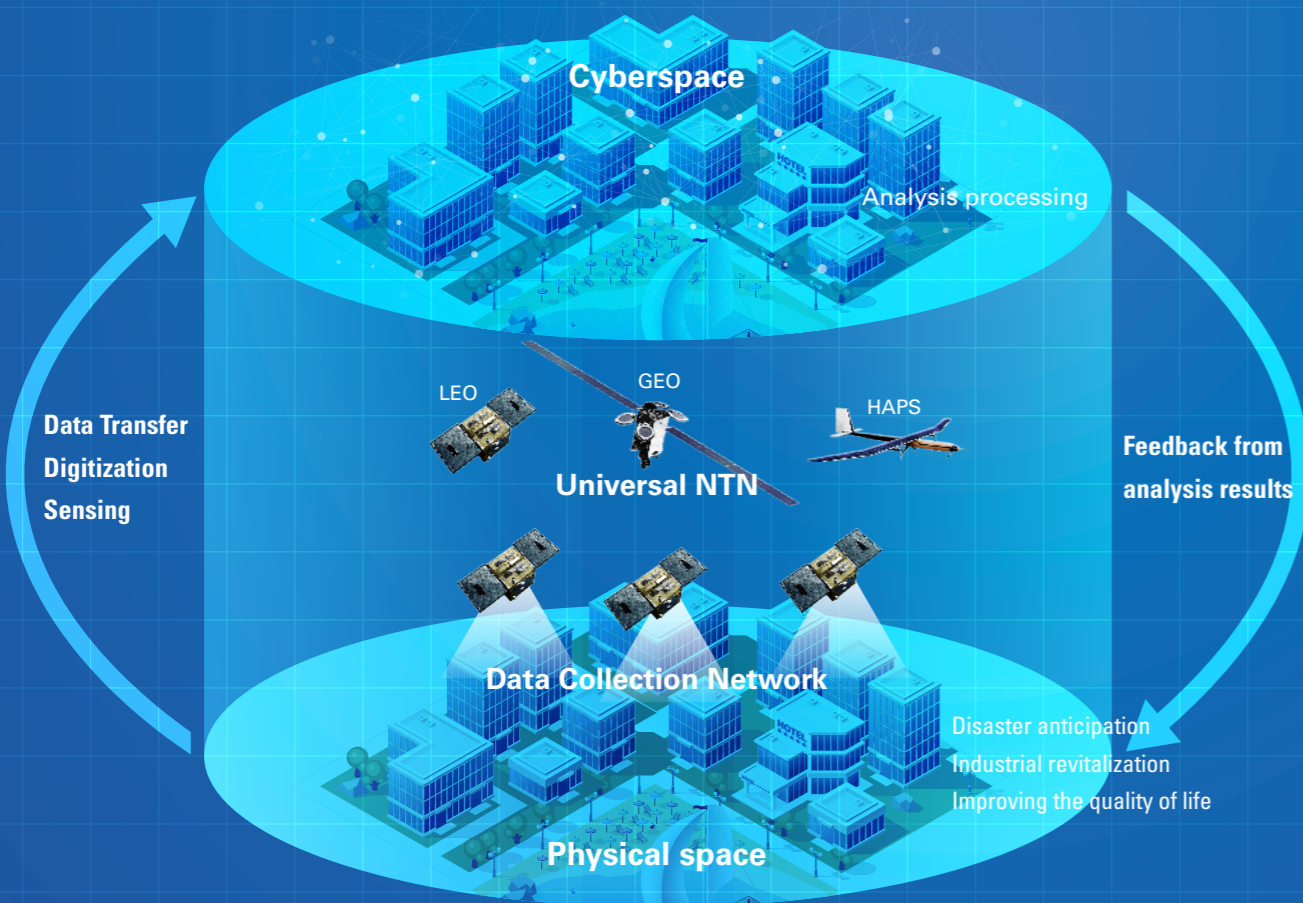
### Looking Toward 2030

“Society 5.0” has been proposed as a future, human-centered society that balances economic advancement with the resolutions of social problems by a system that highly integrates cyberspace (virtual space) and physical space (real space). At the same time, new industries are springing up as communication infrastructure built on multiple tracks, including in outer space, merge with artificial intelligence and big data. We see these innovations as an opportunity for growth, and the Group will invest in new domains over 200 billion yen by 2030, with the goal of achieving net profits of over 25 billion yen on a consolidated basis by 2030.

#### Space Business

By building an innovative communications network for all spaces and a global data collection network, we are helping to make a super-smart society a reality.

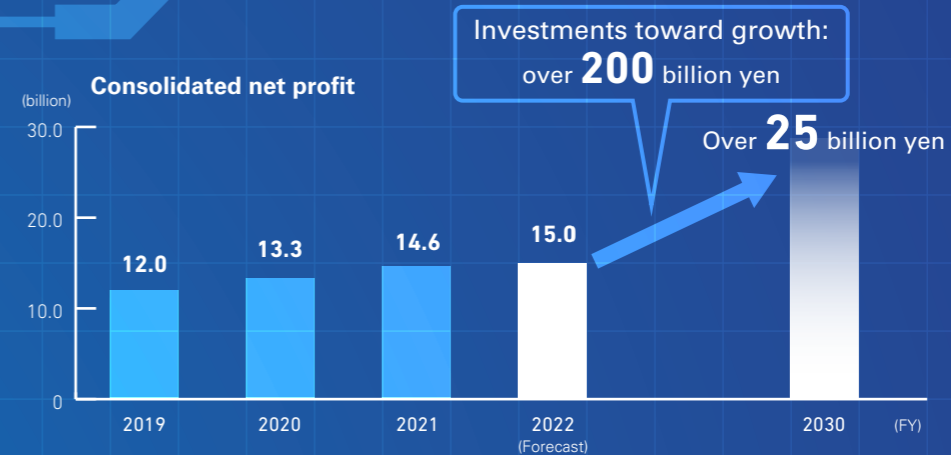
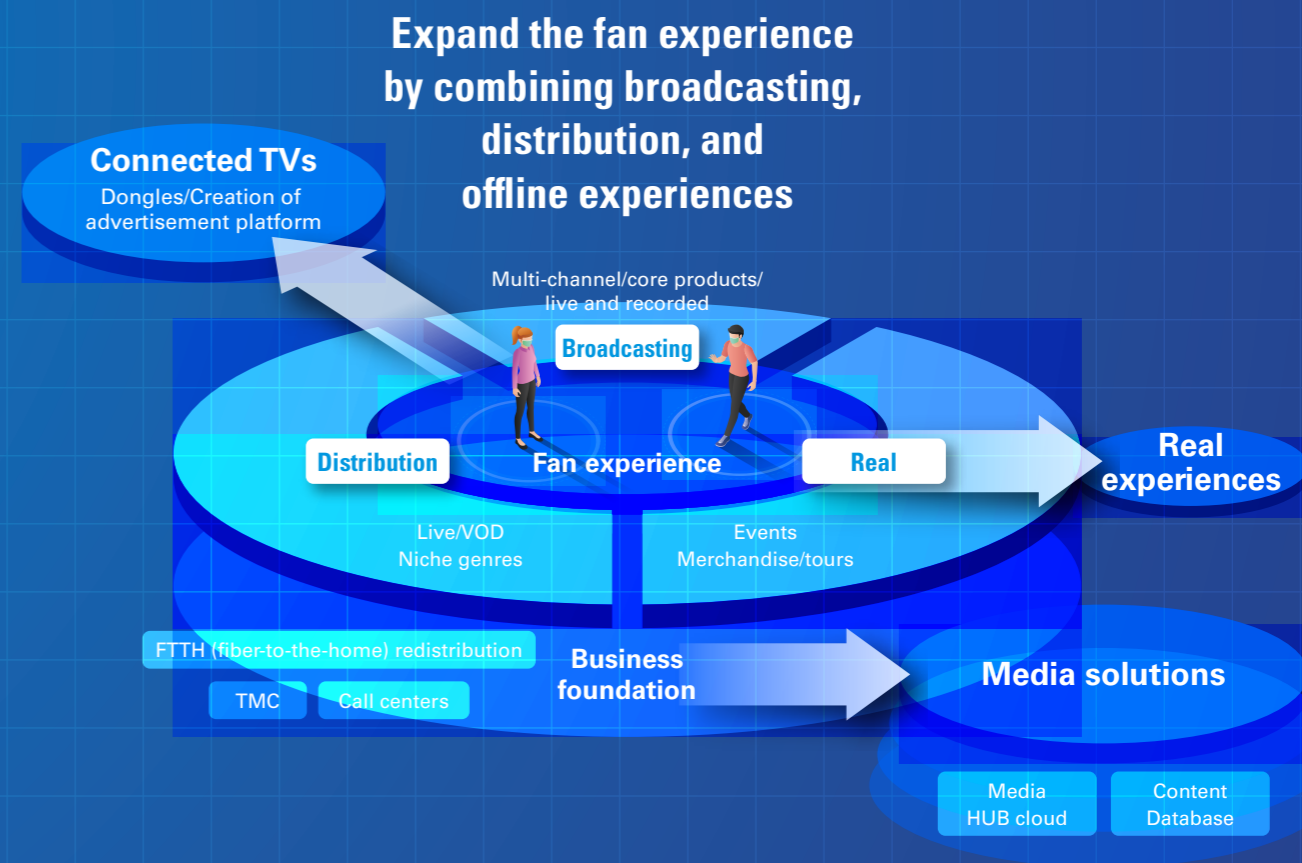
2030 target for investments in new domains: over **150** billion yen



#### Media Business

We are contributing to the realization of a diverse and highly creative society as a platform that connects people, companies, and society.

2030 target for investments in new domains: over **50** billion yen



# Business Potential of the SKY Perfect JSAT Group

## Space Compass Established



## Creating a New Business: The Space Integrated Computing Network, a New Kind of Space-based Infrastructure from Japan

There is an urgent need to ensure the sustainability of economic and social activity. This makes it all the more important to effectively and fully utilize stratosphere and space for ICT infrastructures. This involves creating ICT infrastructures that support a number of fields, including energy, environment and climate change, disaster prevention, marine infrastructure, and security. SKY Perfect JSAT Corporation formed a joint venture with Nippon Telegraph and Telephone Corporation (NTT) to found Space Compass Corporation in an effort to achieve the space integrated computing network initiative. We are aiming to develop the space industry and make a sustainable society a reality by taking on the challenge of creating new space infrastructure.

**Space Data Center  
Business to be  
Launched in Fiscal 2024**  
**High-capacity Communications  
and Computing Infrastructure  
in Space**

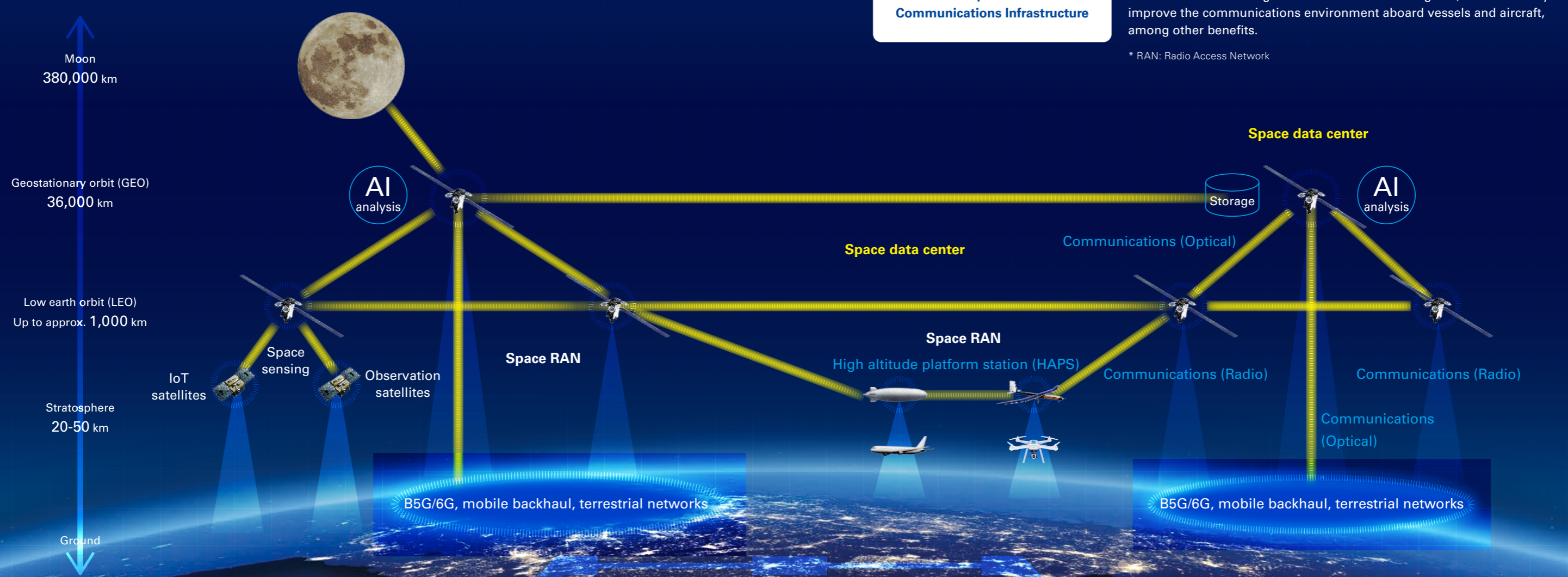
An optical data relay service is slated to be launched in fiscal 2024. This service will enable high-speed transmission of a vast amount of varied data collected in space via observation satellites and the like to the ground via a geostationary orbiting satellite. While existing observation satellites services are limited in terms of the timing and radio transmission capacity of their communications with ground stations, optical data transmission via a geostationary orbiting satellite enables large-capacity, quasi-real-time transmissions of data. Afterwards, we will gradually expand the number of satellites equipped with advanced computing functions, and in the future, we plan to develop our space-based large-capacity communications and computing processing infrastructure worldwide.

**Space RAN\*  
Business to be  
Launched in Fiscal 2025**  
**The Beyond-5G/6G  
Communications Infrastructure**

We intend to launch low-latency communication services using the HAPS in Japan as early as possible in fiscal 2025. We will provide access networks to all locations, including air, sea, and space, utilizing the best mix of GEO/LEO/HAPS/terrestrial network for ultra-high coverage expansion. We expect this to provide stable communications that enable connections even during disasters, offer communication coverage to remote islands and regions, and drastically improve the communications environment aboard vessels and aircraft, among other benefits.

\* RAN: Radio Access Network

What is  
SKY Perfect JSAT?



Who We Are  
What We're Planning  
How We're Doing  
Governance  
Data Section  
Financial Section

## Message from the President



We are targeting net profit of over ¥25 billion in fiscal 2030 by making bold investments in new domains rather than simply extending existing businesses.

**Eiichi Yonekura**

Representative Director, President

### Initiatives during first three years as president

Immediately upon assuming the presidency, I began to examine the future sustainability of SKY Perfect JSAT's business model. As someone who has been engaged in the work related to social infrastructure for many years, it didn't take me long to understand the business model of the Space Business. On the other hand, in the case of the Media Business, although I was not an expert in this field, I felt we could no longer afford to ignore our lack of profitability awareness and lack of medium- to long-term vision under the outmoded idea that the quantity of content is all that matters despite the rapid spread of video distribution.

With regard to the Space Business, although it was earning stable revenues, it had a strong tendency to rely on existing satellite broadcasting and the use of BCP, and I felt that from the perspective of growth, we should take the next step as soon as possible. In order to solve each of the business challenges, to which someone who came from an outside field places particular importance, one by one for the future growth, we have been engaged in intense business selection and concentration over the past three years. In particular, in the Media Business, we have been exiting from unprofitable businesses, and in the Space Business, we have been working to create a new foundation for growth.

### Announcement of vision for 2030

Following the COVID-19 pandemic, unpredictable global developments, such as the increasing geopolitical risks in Russia and Ukraine, are affecting the Company directly and indirectly. In comparison, the industry changes around us are predictable to some extent, but the speed is greater than we expected.

In the Media Business, there are so many players that it is no longer possible to make a profit simply by having popular and high-quality content. This trend will only intensify, not subside. Since it is difficult to survive relying solely on satellite broadcasting, we are being forced to transition to a broadcasting and distribution platform business for content providers based on fiber to the home (FTTH), video distribution conduits, and media center infrastructure.

Meanwhile, in the Space Business, various forms of space utilization are starting to advance. Therefore, we need to evolve beyond owning and operating satellites that support social infrastructure to provide a diverse communications infrastructure that meets changing needs, while leveraging our more than 30 years of accumulated experience in the field of space and satellite services.

## Message from the President

Based on the inevitability of these external environmental and business changes, we have announced our vision for 2030 under the banner of “Space for your Smile,” which is the mission of the SKY Perfect JSAT Group. In the Space Business, we are aiming for growth in the fields in which we excel with the goal of achieving “Society 5.0\*,” the ideal future society proposed by the Cabinet Office,” which refers to a super smart society. In the Media Business, we intend to transform our business into a platform business that provides infrastructure for broadcasting and distribution of content.

\* A human-centered society that balances economic development and the resolution of social issues through a system that highly integrates cyber space (virtual space) and physical space (real space).

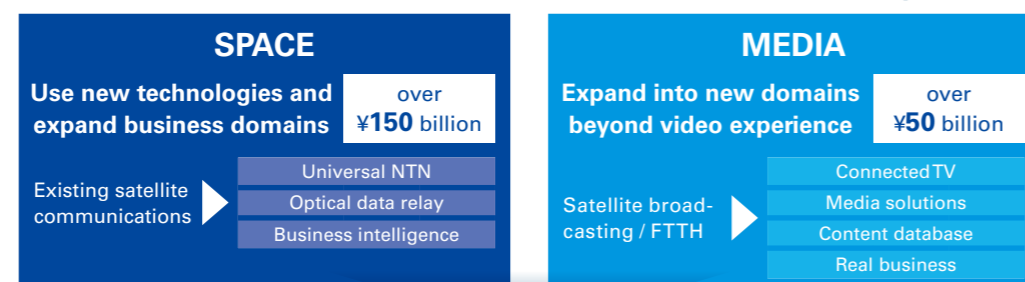
### Towards 2030

To be more specific, in the Space Business, we plan to invest more than ¥150 billion in new domains utilizing not only conventional geostationary satellites, but also low earth orbit satellites, in particular the Universal NTN, space data business, and optical data relay areas. As part of this effort, we have established Space Compass Corporation, a joint venture with NTT aiming to implement the space integrated computing network concept utilizing non-terrestrial networks and optical data relays. In addition, we have invested in the Institute for Q-shu Pioneers of Space, Inc. (iQPS Inc.) and are accelerating business expansion in the field of business intelligence using small SAR satellites.

In the Media Business, we will invest over ¥50 billion in areas such as connected TV (streaming media), media solutions, and fan communities. We intend to take advantage of our strong position as a platform with a satellite broadcasting and video distribution network to leverage our partners and existing assets to create new value.

This is our view of the direction and priority investments for the Space Business and Media Business toward 2030, but we have deliberately refrained from disclosing detailed numerical targets such as revenue and profit in the process. We are currently in the process of rebuilding a business model that can flexibly respond to a business environment that is likely to change even more drastically in the future. In an external environment that is constantly in flux, I don't think it makes sense to spend time on a detailed medium-term management plan, especially one that aims to set detailed figures from revenue to net profit. After such a plan is made, the external environment may change completely. Rather than worrying about excuses for not meeting the plan in the second and third years, I believe it is more beneficial to engage in substantive dialogue and discussion on the Company's growth with shareholders and investors.

### Plan to invest over ¥200 billion in new domains by 2030



**Sustainable growth**

**Targeting net profit of over ¥25 billion in fiscal 2030**

However, as a company funded by shareholders, I believe we have a responsibility to strive to meet the expectations of our shareholders for returns and it is necessary to provide an expectation of minimum return. Now in particular, as we are making growth investments of over ¥200 billion to achieve our vision for 2030, comprising over ¥150 billion in the Space Business and over ¥50 billion in the Media Business, some clarity should be given as to the likely outcome of the investments. Therefore, the only financial target we have set is net profit of over ¥25 billion in fiscal 2030. This figure is a preliminary estimate based on past performance figures such as ROA, and I believe that it is fully achievable.

### Joint venture with NTT

Considering the future possibilities of the Space Business, there are limits to what can be achieved with an investment of over ¥200 billion by 2030. Therefore, with the aim of developing a new information and communications technology (ICT) infrastructure in space, we have established Space Compass Corporation, a new joint venture with NTT Inc. that will leverage the technologies, human resources, and business bases of both companies in a

complementary manner. Specifically, we aim to contribute to the development of the global space industry and the realization of a sustainable society by taking on the challenge of building new infrastructure, starting with the optical and wireless communication network to be built in space and the mobile network to be built in the stratosphere. Our strengths in this area are not only our ability to develop satellites and systems as a business, but also our knowledge and industry relationships as a satellite operator, including frequency and radio station licensing and communications satellite and network operations.

The capital contributions to Space Compass Corporation are 50% for NTT Inc. and 50% for SKY Perfect JSAT Corporation so that neither party can take the

initiative and proceed unilaterally. This business has a very bright future and I am confident that it can become a big business with the participation of various players, with the possibility of further partner investment in the future.



### The future of the Media Business

In the Media Business, I believe it is important for us to think about what to do after recognizing that we are no longer a content provider. Even with fewer subscribers, there will always be a role for satellite broadcasting as a means of delivering content, and the number of content providers continues to grow. In addition to our broadcasting and distribution resources, we have many years of expertise in satellite broadcasting. I believe that the only way to achieve further growth in the Media Business is to make effective use of these resources and know-how and find new opportunities.

Therefore, we are aggressively investing and collaborating in the development of streaming devices and apps, advertising platforms, video distribution technology, and systems technology for data management and content databases. I am aware that there are concerns from the outside about our decision to invest more than ¥50 billion in the Media Business and whether it is appropriate to invest that much. However, this is not an investment in content, but an investment needed to transform the Company into an infrastructure company for media-related services, including business investment (equity) and alliances. As for the infrastructure for video distribution, we are beginning to rebuild our media center, and we hope to use existing facilities



## Message from the President

and technologies to reduce risk and ultimately become a hybrid between a content provider and a media services infrastructure company that is sought out by our partners.

### SKY Perfect JSAT's social significance

Our vision for 2030 is, of course, not only to increase our economic value but also our social value. As a "Space Business Company" with space and media as its business domains, the SKY Perfect JSAT Group has an important social responsibility to provide a broadcasting platform and communications infrastructure through artificial satellites. As we move toward 2030, I believe this role will become increasingly important, and we will continue to transform ourselves to become even more indispensable to society.

In addition, as the company is listed on the Prime Market, we pay close attention to our stock price, and our policy is to continue to pay a stable dividend while buying back our shares on a flexible basis. As for the stock price, it is one indicator of our corporate value measured from an external perspective, and I tell all our officers and employees to be conscious of it. The stock price of a company with little growth potential or no future will not rise. Furthermore, a company that cannot grow will not attract the necessary human resources and influential partners. I see the stock price as a mirror of how external stakeholders see our growth. A P/B ratio of less than 1x is out of the question. We should be aware of the stock price as an indicator of how our actions are evaluated externally, and this is why it is important to achieve growth.

### Human resource transformation

To achieve our vision for 2030, each one of us must act with a strong will to change the Company with speed & action in mind, which we call REPOWERING. I believe such a "human resource transformation" is critical. To this end, we will focus on recruiting and training human resources as well as optimally assigning them to realize our business vision. At the same time, I believe that in order to draw out and make full use of their abilities, we need to break through the rigidity of our vertically organized structure, which is why we have newly adopted system of cross-functional team (CFT) to promote vertical and horizontal organizational collaboration. We select someone motivated as the team's leadership. I hope to revitalize our human resources and improve our organizational mobility.

### Environmental initiatives

Unlike energy companies and materials manufacturers, we consume only a small amount of energy ourselves, so even if we were to reduce energy consumption to contribute to the environment, our impact would be limited. By their very nature, satellite communications operate with about one-third of the power consumed by terrestrial lines and are becoming even more energy-saving over time. In addition, in January 2021, our Yokohama Satellite Control Center (YSCC) and (SPE) switched to entirely renewable energy sources, and the remaining sites are also in the process of making the switch.

Meanwhile, in terms of contributing to the environment through our business, we hope to advance new and impactful initiatives with the potential to contribute to the supply of renewable energy, such as predicting the amount of sunshine for solar power generation and providing communications for wind power generation.



### Governance to achieve growth

So far, we have strengthened governance by appointing multiple outside directors and establishing the Nomination & Remuneration Committee as an advisory body to the Board of Directors. Furthermore, with regard to the remuneration of the Company's officers, we have established fixed remuneration, performance-based remuneration, and stock compensation that take into account appropriate incentives to improve performance and increase corporate value over the medium to long term. The amounts are decided based on the recommendations of the Nomination & Remuneration Committee.

In this way, we have put in place the governance measures that are generally expected. However, I believe that what is necessary for future growth is to make decisions on appropriate risk-taking with even greater speed, and to accomplish this, it is important to reform the mind-set and behaviors at the executive officer level in the Group companies.

Frankly speaking, even at this stage, there is still a conservative atmosphere within the Company, and I believe that this needs to change. Previously, the Company guaranteed a fixed term of office for executive officers, but this has been changed to a one-year term, similar to that of directors. In doing so, we encourage self-transformation and leadership by having officers reaffirm their commitment to generating certain results and tackle growth-oriented management tasks. In addition, by taking measures such as increasing the allocation ratio of compensation paid in shares to executive officers, we are trying to raise their awareness of the importance of having the same perspective as shareholders and improving corporate value.

I believe that now is precisely the time for SKY Perfect JSAT to decisively strengthen its governance. In a rapidly changing industry, we need people who can diagnose a problem and take the next step, not rigid perfectionists who refuse to act until they know 100% of the answer. I want people who are flexible enough to move the Company forward even if they only know 60% of the answer, and frankly, if they cannot do this, they should leave. Of course, the same applies to me.

### To our stakeholders

In Japan, the SKY Perfect JSAT Group is known mainly for its SKY PerfectTV! brand, and JSAT, despite being in the space business for over 30 years, is not as well known. Overseas, in contrast, the JSAT brand is strong but few people know SKY PerfectTV!. This is the reality of our image. We have announced our vision for 2030 to break away from this situation and let all of our stakeholders know exactly where we are headed going forward.

In order to realize our vision, it is imperative that we take on new challenges while clarifying where and how we will invest our funds, human resources, and time, while at the same time establishing a track record of achievements. In so doing, we will transform into a unique and attractive company with both a Space Business and a Media Business, a company that takes on new challenges and shines brightly. To our stakeholders, I truly appreciate your valuable opinions, even if they are sometimes tough to hear, and I look forward to your continued support in these endeavors.

# Story of Value Creation

The Future Opened Up by Sustainability Management

# Space for your Smile

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

## Business Strategy Focus

In addition to improving profitability through structural reforms in existing businesses, we also promote business in new areas through co-creation

### Space Business

- Data Intelligence
- Domestic Communications
- Global & Mobile

### New Domains

### Media Business

- Broadcasting
- Distribution
- FTTH

Nine materiality themes

Improving space environment

Promoting diverse human resources

Promoting partnerships

Contributing to the environment to make a decarbonized society and recycling-based economy a reality

Regional and community development

Developing a strong base for management

Promoting innovation which contributes to the environment and society

Improving the richness of life through a diversity of content

Building resilient broadcasting and communications infrastructure, eliminating digital divide

## Vision beyond Business Strategy

We establish an innovative communication network for all spaces and a global data collection network

We offer a platform that connects people, companies, and society

## High quality management resources with competitive advantage

### 30 years of experience and trust in space

- ▶ Global operations in Japan, Asia, North America, Europe, etc.
- ▶ Trusted relationships with government agencies, municipalities, and infrastructure companies
- ▶ Number of SKY PerfectTV! users: Approximately 2.4 million

### Skilled and knowledgeable diverse human resources

- ▶ Knowledgeable about satellite communications
- ▶ Knowledgeable about broadcasting and distribution
- ▶ Consolidated number of employees: 841

### Stable financial foundation

- ▶ Equity (net assets): ¥243 billion
- ▶ Equity ratio: 64%
- ▶ Long-term rating: A (R&I, JCR)

### Main Facilities

- ▶ Number of satellites in orbit: 16
- ▶ Number of satellite communications related facilities: 7 in Japan
- ▶ SKY PerfectTV! Tokyo Media Center
- ▶ SKY PerfectTV! Customer Center

## Economic value

FY2030 target  
Net Profit over ¥25 billion

## Social value

Contributing to the realization of super-smart society (Society5.0)

Contributing to the realization of a diverse and highly creative society

## SUSTAINABLE DEVELOPMENT GOALS



## Social Changes (External Environment to focus on)

Growing environmental awareness

Advances in technological innovation

Transformation of consumption orientation

Increased cyber security risks

Increased geopolitical risks

etc.

# Promotion of Sustainability Management



We will promote sustainability management under “Space for your Smile,” striving to enhance corporate value and sustainable social development

**Koichi Matsutani**  
Sustainability Committee Chair  
Director of SKY Perfect JSAT Holdings Inc.

## Message from the Sustainability Committee Chair

At a time when the market environment and global environment are changing significantly, the management environment surrounding the Company has also been changing significantly over the past few years. Even in this context, we are aiming for sustainable growth through the promotion of sustainability management.

In fiscal 2021, we identified nine themes of material issues and 22 material issues and established “Vision for 2030” and the medium- to long-term and short-term goals and key performance indicators (KPIs). Furthermore, we redefined the Group’s mission “Space for your Smile” as a sustainability policy, and formulated our Story of Value Creation showing how the Company would realize sustainable growth.

Our future guiding principles, road maps, targets, and action plans are in place, so going forward the Sustainability Committee and the Board of Directors

will monitor their progress and work to deepen our sustainability management. In October 2022 we will establish the Sustainability Department to accelerate the deepening of sustainability.

While promoting sustainability management from the management side, we are also advancing SDGs penetration activities by employees. Until fiscal 2021, working groups composed of volunteer employees carried out activities, such as cross-divisional discussions, inviting outside experts to give lectures, making recommendations to various internal systems, etc., and in order to increase our ability to execute transformation of the Company, we restarted these activities as a company-wide project from fiscal 2022.

On the twin pillars of these employee-driven activities and management, we aim for the sustainable development of the company and society.

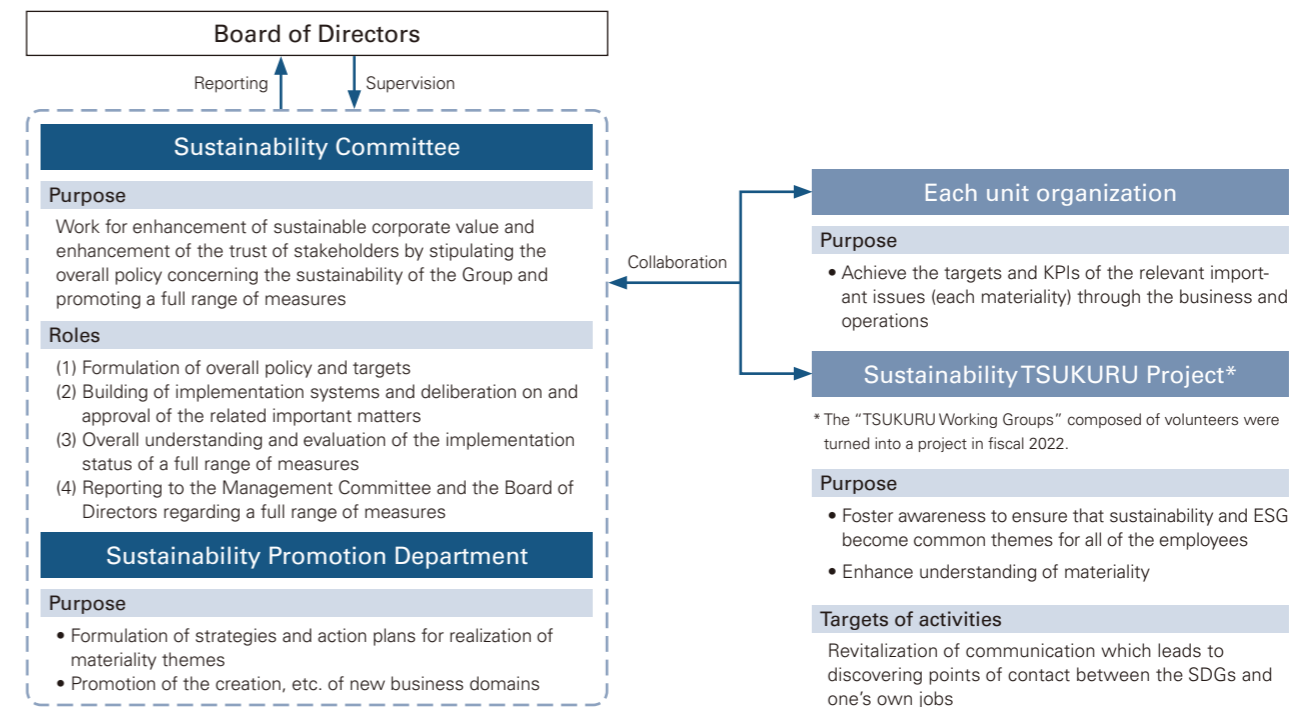
and experts and ensured objectivity and appropriateness. Moreover, in October, we stated “Vision for 2030” for each materiality and established the medium- to long-term goals and KPIs and the short-term goals and KPIs for each fiscal year. Furthermore, we formulated a Story of Value Creation taking into account the materiality themes, incorporated this into the management plan, and worked to deepen sustainability management. In addition, we collaborated with the Risk Management Committee to make a report to the Board of Directors about the climate change-related risks and opportunities reviewed in the Climate-Related Review Project.

## Activities achieved

The Group is aiming for a balance of sustainable growth and social contribution, and commenced initiatives for sustainability management from 2020. In April 2021, taking into account the respective characteristics of the Space Business and the Media Business, the Group identified the themes of nine material issues that it should tackle through its businesses. Furthermore, based on the themes of the nine material issues, it identified 22 material issues. When carrying out the identification, it started by extracting, evaluating, and stipulating the importance of the issues the Company should address based on the current situation. In this process, we incorporated the opinions of stakeholders

Refer to page 70 for the materiality list

## Sustainability Management Promotion System



## Fiscal 2022 Action Plan

In fiscal 2022, we are steadily advancing this practice in our organization toward achievement of the targets and KPIs for each material issue.

The committee runs the cycle for one year, refers to the examples of other companies in the same industry and external evaluations again, and incorporates the perspectives of third parties to enhance effectiveness. Furthermore, we are strengthening external communication centered on in-house volunteer projects while also working on further penetration into the Group overall.

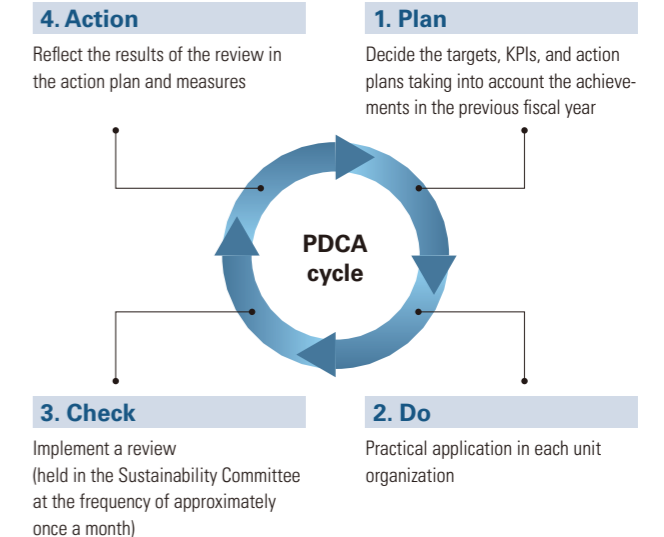
### Continuation and improvement of existing activities

- | Themes  |
|---|
| (1) Steady progress of the execution cycle for the achievement of each materiality/the targets and KPIs |
| (2) Continuation of external evaluation responses   |
| (3) Strengthening of external communication   |
| (4) Continuation and expansion of in-house penetration measures   |

### New initiative

- | Themes   |
|--|
| (5) Creation of mechanisms for new business creation originating from the SDGs and enhancement of the willingness to solve social issues |

### Implementation of the PDCA cycle



# Risks and Opportunities

SKY Perfect JSAT established Japan's first private satellite communications business 36 years ago and, since then, it has continually carved out new business fields in the space and media business. Yet the rapid development of digital technologies in recent years has accelerated changes in our business climate and in that context, after ensuring we accurately understand both the business opportunities and the threats and risks presented by these changes, we have established materiality themes and material issues, and we are implementing various measures to resolve them.

See page 70 for the materiality list

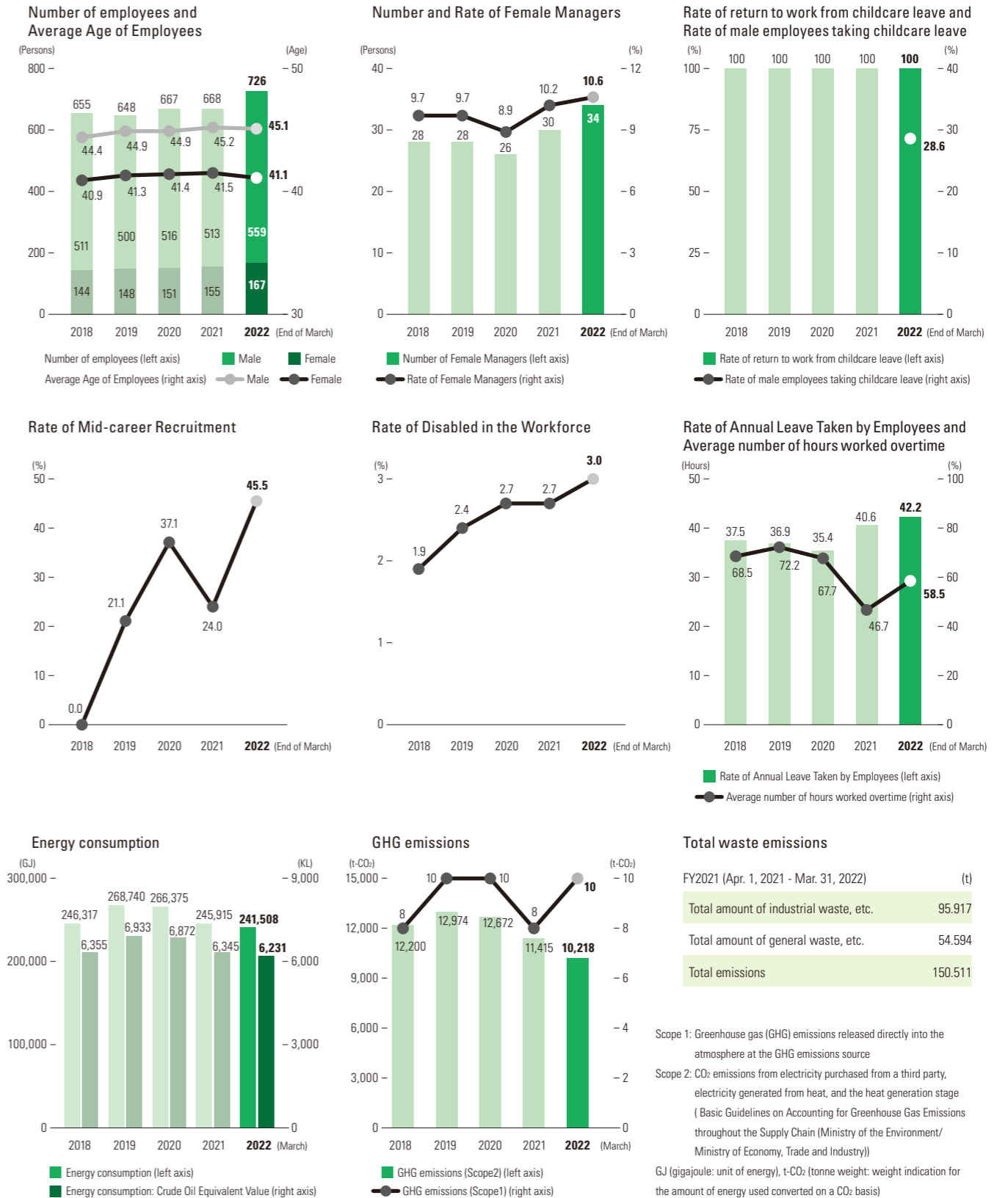
	Space Business	Media Business	Social and Human Resources	Environment	Governance
Page	P28	P36	P47	P44	P52
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Increase in demand for satellite communication lines</li> <li>Revitalization of the global space industry and use of space</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for FTTH (Fiber To The Home)</li> <li>Expansion of video distribution markets (including BtoB demand)</li> <li>Increased use of Web3, etc.</li> <li>Alignment of main target generation with largest demographic</li> </ul>	<ul style="list-style-type: none"> <li>Improved employee motivation and productivity, and securing of talented human resources, on the back of work style reforms</li> <li>Invigorated organization due to securing diverse (gender, nationality, age, etc.) human resources</li> <li>Development of communication infrastructure environments</li> <li>Stable growth of regional economies</li> </ul>	<ul style="list-style-type: none"> <li>Increased use of satellite connections as part of BCPs, due to increased frequency of disasters linked to abnormal weather</li> <li>Growth of earth observation, meteorological data usage, and image analysis businesses</li> <li>Creation of business opportunities from an increase in space debris</li> <li>Increased demand for video content due to COVID-19-related restrictions on going out</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth through the implementation of management and financial strategies</li> <li>Business expansion through M&amp;As</li> <li>Improved reputation based on stronger governance</li> <li>Maintenance of and improvement in credit ratings</li> </ul>
<b>Threats and risks</b>	<ul style="list-style-type: none"> <li>Intensified competition with overseas companies</li> <li>Reduced use of satellite communications due to expansion of terrestrial communications networks</li> <li>Emergence of country risks</li> <li>Increased cybersecurity risks</li> </ul>	<ul style="list-style-type: none"> <li>Intensified competition for customers and content with OTT businesses</li> <li>Decreasing populations and reduced interest in television</li> <li>Terrestrial IP (simultaneous) redistribution</li> <li>Unauthorized viewing</li> </ul>	<ul style="list-style-type: none"> <li>Decline in organizational strength due to a shortage of highly skilled human resources and to an imbalanced workforce age composition</li> <li>Decline in governance and organizational strength due to the absence of diversity and inclusion (D&amp;I)</li> <li>Increased geopolitical risks</li> </ul>	<ul style="list-style-type: none"> <li>Damage to business sites and disruption of business due to large-scale natural disasters, pandemics, etc.</li> <li>Damage to and accidents involving communications satellites caused by increased space debris</li> <li>Difficulties in reception due to frequent typhoons and torrential rain</li> <li>Increase in waived subscriptions in disaster areas due to more frequent natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Information leaks and cyberattacks</li> <li>Decline in reputation</li> </ul>
<b>Materiality themes</b>	<ul style="list-style-type: none"> <li>Building resilient broadcasting and communications infrastructure, eliminating the digital divide</li> <li>Contributing to the environment to make a decarbonized society and recycling-based economy a reality</li> <li>Improving space environment</li> <li>Promoting innovation which contributes to the environment and society</li> </ul>	<ul style="list-style-type: none"> <li>Building resilient broadcasting and communications infrastructure, eliminating the digital divide</li> <li>Improving richness of life through a diversity of content</li> <li>Promoting innovation which contributes to the environment and society</li> <li>Regional and community development</li> </ul>	<ul style="list-style-type: none"> <li>Promoting diverse human resources</li> <li>Regional and community development</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to the environment to make a decarbonized society and recycling-based economy a reality</li> <li>Improving space environment</li> </ul>	<ul style="list-style-type: none"> <li>Developing a strong base for management</li> </ul>
	<b>Promoting partnerships</b>				
<b>Relevant SDGs Goals</b>					

# Financial and Non-Financial Highlights

## Financial Highlights (SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries)



## Non-Financial Highlights (SKY Perfect JSAT Corporation only)



\* Performance figures are rounded to the nearest indicated unit, and therefore differ in some respects from the figures shown in the Annual Securities Report on a Japan GAAP basis (rounded down to the nearest million yen).

Scope 1: Greenhouse gas (GHG) emissions released directly into the atmosphere at the GHG emissions source  
 Scope 2: CO<sub>2</sub> emissions from electricity purchased from a third party, electricity generated from heat, and the heat generation stage (Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ministry of the Environment/Ministry of Economy, Trade and Industry))  
 GJ (gigajoule: unit of energy), t-CO<sub>2</sub> (tonne weight: weight indication for the amount of energy used converted on a CO<sub>2</sub> basis)

## Message from the CFO

In order to improve core profitability, we are significantly increasing our investment in growth opportunities based on a stable cash flow.



### Koichi Matsutani

Director  
Chief Financial Officer

## Basic Approach to Financial Strategy

The Group has set the group mission, “Space for your Smile,” as the “sustainability policy” for advancing activities toward a sustainable society and is aiming to find solutions to social issues and increase its corporate value. To this end, the basic policy of the Group’s financial strategy is to promote investment in growth areas to improve core profitability, while achieving a balance between maintaining a sound financial standing and increasing capital efficiency.

The major capital needs of the Group include working capital necessary for business activities; funds for

procuring broadcasting equipment, communications satellite equipment, and other capital expenditures; and strategic M&A capital. These capital needs are mainly met by operating cash flows, with the Group also raising funds by issuing bonds and borrowing as necessary. In addition, the Group has secured ¥40.0 billion in bond issuance capacity to enable flexible fund procurement. Moreover, the Group is striving to improve capital efficiency by utilizing internal funds through the cash management system.

## Review of Fiscal 2021

Revenues decreased by 14.3% from the previous fiscal year to ¥119.6 billion, and operating profit decreased 1.5% to ¥18.9 billion, but the impact of the application of the Accounting Standard for Revenue Recognition was a factor leading to a decrease in revenues of approximately ¥21.0 billion and a decrease in operating profit of approximately ¥0.3 billion, so we can conclude that essentially this was a solid consolidated performance.

Regarding segment profit, the Space Business acquired

new customers in the Global Mobile domains and in New business, and in addition the reduction in tax expense due to dissolution of a consolidated subsidiary contributed to segment profit, so it increased 30.2% from the previous fiscal year to ¥12.3 billion and drove our consolidated performance. In the Media Business, segment profit decreased 37.5% from the previous fiscal year to ¥2.7 billion due to a decrease in subscription revenue and other factors.

## Outlook for Fiscal 2022

In the Global Mobile domains, the Space Business aimed to use JCSAT-1C and Horizons 3e to expand its provision in growth markets such as Internet use on shipping vessels and aircraft and mobile backhaul lines, etc., and in new domains, it aimed to expand earnings in the business intelligence domain, so it expects higher revenues and profit. The Media Business has carried out business structure reforms to improve income and expenditure, while on the other hand,

a decrease in the cumulative subscribers continues to be anticipated due to the intensifying competition in a mature market, so the outlook is lower for revenues and profit.

As a result, in fiscal 2022, revenues is projected to increase 0.3% from the previous fiscal year to ¥120.0 billion, operating profit to increase 11.3% to ¥21.0 billion, and profit attributable to owners of the parent to increase 2.9% to ¥15.0 billion.

## Financial Position

Total assets at the end of fiscal 2021 were ¥378.2 billion, down ¥7.4 billion from the end of the previous fiscal year. With regard to current assets, despite a ¥4.4 billion decrease in accounts receivable resulting from collection of receivables related to the X-Band business, current assets increased by ¥6.7 billion, mainly due to a ¥12.7 billion increase in cash and cash equivalents.

Total liabilities at the end of fiscal 2021 were ¥135.1 billion, down ¥15.2 billion from the end of the previous fiscal year. The amount was due to decreases mainly in interest-bearing debt equal to ¥5.6 billion, owing to repayment of borrowings related to the X-Band business and the Horizons 3e business, in income taxes payable equal to ¥3.1 billion, and in unearned revenues equal to ¥1.5 billion. Of the ¥70.4 billion in loans payable at the end of fiscal 2021, the ¥47.0 billion borrowed for the X-Band business is to be repaid through the collection of receivables associated with this business from the Ministry of Defense, and the ¥21.9 billion borrowed for the Horizons 3e business is to be repaid with

operating cash flows associated with this business.

Total equity, including non-controlling interests, increased by ¥7.8 billion from the end of the previous fiscal year to ¥243.1 billion. This is mainly attributed to an increase in retained earnings of ¥9.2 billion, and the main decrease was the acquisition of treasury stock equal to ¥3.0 billion. As a result, the equity ratio increased by 3.2 percentage points to 64.0%, and an “A” issuer rating from both Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR) was maintained for our long-term bonds.

### Rating Information

Rating and Investment  
Information, Inc. (R&I)

Japan Credit Rating Agency,  
Ltd. (JCR)

Long-term rating **A**

Definition of rating:  
High creditworthiness supported  
by a few excellent factors

(As of October 20, 2021)

Long-term rating **A**

Definition of rating:  
A high level of certainty to honor  
the financial obligations

(As of October 5, 2021)

## Message from the CFO

### Cash Flows

Net cash provided by operating activities were ¥36.5 billion (versus ¥57.9 billion in the previous fiscal year) due to a decrease in receivables—trade and affiliated companies of ¥4.4 billion and income taxes paid of ¥8.4 billion, etc., in addition to profit before income taxes, depreciation, and amortization of goodwill totaling ¥43.3 billion.

Net cash used in investing activities amounted to ¥7.7 billion (versus ¥11.4 billion in the previous fiscal year), mainly due to expenditures of ¥8.4 billion for the purchase of property, equipment and other assets and ¥3.1 billion for the purchase of investment securities, and income of ¥2.2 billion due to the collection of loans pertaining to the Horizons 3e business and ¥1.2 billion from the sale of associated company shares.

Free cash flows (revenues from operating activities minus expenditures from investing activities), which had been negative since fiscal 2014, became positive from fiscal 2019 onwards mainly due to the completion of capital expenditures for new satellite procurement and reached an inflow of ¥28.8 billion in fiscal 2021.

Net cash used in financing activities amounted to ¥16.4 billion (versus ¥16.9 billion in the previous fiscal year) mainly due to expenditures of ¥7.8 billion for repayments of long-term loans payable, ¥3.0 billion for the purchase of treasury shares, and ¥5.3 billion for dividends paid.

As a result of the above, the balance of cash and cash equivalents increased by ¥12.7 billion from the end of the previous fiscal year to ¥85.9 billion.

	Results (Billions of yen)			
	FY2018	FY2019	FY2020	FY2021
Net cash provided by operating activities	25.9	28.9	57.9	36.5
Net cash used in investing activities	(33.5)	(20.8)	(11.4)	(7.7)
Free Cash Flows	(7.6)	8.1	46.6	28.8
Net cash used in financing activities	9.4	(12.5)	(16.9)	(16.4)

### Capital Expenditures, Business Investments, and Research and Development Investments

Capital expenditures in fiscal 2021 amounted to ¥75 billion, down 42.4% from the previous fiscal year. By segment, capital expenditures in the Space Business consisted mainly of ¥3.3 billion for the procurement of communications satellite equipment, and capital expenditures in the Media Business consisted mainly of ¥4.0 billion for the enhancement of broadcasting and distribution equipment. Regarding capital expenditures in fiscal 2022, we are planning investments of ¥22.3 billion mainly in Superbird-9, which will be started in fiscal 2025. This is forecast to bring overall capital expenditures to ¥25.7 billion. Furthermore, in fiscal 2022, as a part of the space integrated computing network business, we forecast business investments of ¥14.0 billion, including equity investment in Space Compass Corporation, a joint venture with NTT Corporation. On the other hand, we recorded ¥0.39 billion (versus ¥0.24 billion in the previous fiscal year) of research and development expenses in fiscal 2021, mainly consisting of research and development pertaining to a non-terrestrial network for

expanding the coverage of Beyond 5G, and the development of a service to move (remove) unneeded satellites using space lasers.

#### FY2022 Capital Expenditure and Business Investment Plan (Billions of yen)

	FY2021 results	FY2022 forecast	Difference	Remarks
(1) Capital Expenditures	7.5	25.7	18.2	
Breakdown				
Space Business	3.3	22.3	19.0	Procurement of satellites, etc.
Media Business	4.0	3.3	(0.7)	
Others	0.2	0.3	0.1	
(2) Business investment	3.0	14.0	11.0	NTT collaboration, etc.
(1) + (2) Total investment	10.5	39.7	29.2	

### Shareholder Returns

We consider the long-term and comprehensive return of profits to our shareholders to be an important management goal. With regard to dividends, while we strive to enhance internal reserves to prepare for aggressive business development, we place importance on maintaining stable dividends after comprehensively taking into consideration our financial position, profit level, and dividend payout ratio,

among other factors. We paid an annual dividend of ¥18 per share (dividend payout ratio: 36.3%) in fiscal 2021. We plan to pay the same amount in fiscal 2022.

In addition, for the purpose of further enhancing shareholder returns, the Company conducted a treasury shares acquisition (market transaction) of approximately ¥3 billion during the period from August 2021 to the end of January 2022.

	Actual				Forecast
	FY2018	FY2019	FY2020	FY2021	FY2022
Revenues (Billions of yen)	164.0	139.5	139.6	119.6	120.0
Operating Profit (Billions of yen)	15.3	15.3	19.2	18.9	21.0
Profit Attributable to Owners of the Parent (Billions of yen)	9.7	12.0	13.3	14.6	15.0
Dividend Payout Ratio (%)	55.2	44.4	40.1	36.3	35.3
Dividends Per Share (yen)	18	18	18	18	18

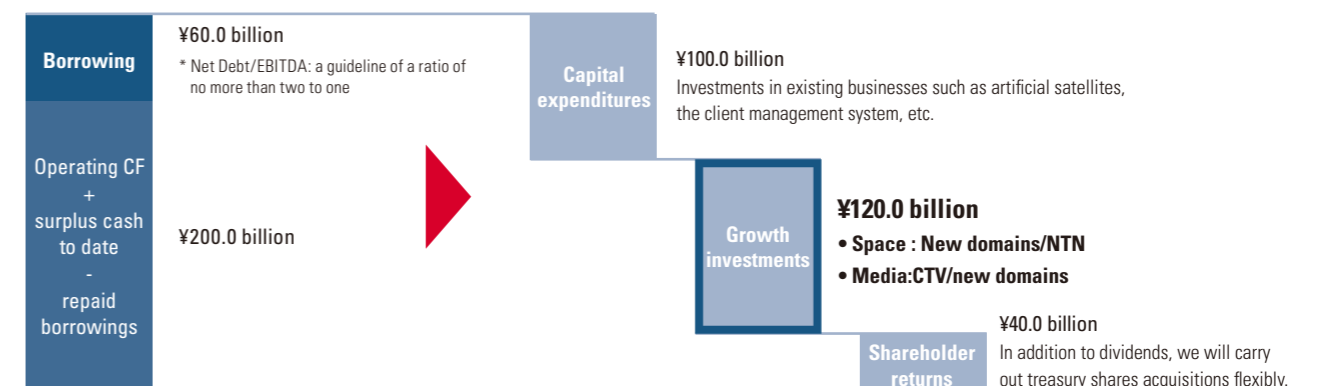
### Capital Allocations over the Next Five Years

The business environment that surrounds the Company is changing greatly in both the Space Business and the Media Business. Therefore, the Company has positioned the next five years as the investment period for improving core profitability toward 2030 and has a policy of investing ¥100.0 billion in the strengthening of the profitability of existing businesses and ¥120.0 billion in growth opportunities. Note that we anticipate investment of over ¥200.0 billion in growth opportunities in both businesses toward 2030, but here, we are presenting the capital allocations over five years, a shorter time frame. In conjunction with this, we intend to enhance the returns to all of our shareholders and allocate ¥40.0 billion to dividends and flexible treasury

shares acquisition. Regarding these invested funds, we anticipate borrowing ¥60.0 billion based on the cash flows stably generated in the existing businesses and the surplus cash accumulated to date, but we will ensure financial soundness with a guideline of a Net Debt/EBITDA ratio of no more than two to one.

The Group will continue to challenge itself to realize where it aims to be in 2030. We intend to share our progress toward this goal with our investors and all of our other stakeholders and to enhance dialogue with them. We look forward to your continued understanding and support for the businesses of the Company.

#### Capital Allocation Plan for the Next Five Years



# Space Business

From space to the sea, we are carving out diverse, unlimited spaces and providing all-new value to contribute to the realization of a society offering peace of mind and ease.

## Our Assets

### Technology and Knowledge

#### Procurement of satellites

- Design and exploration of satellite specifications
- Communication with satellite manufacturers
- Coordination and negotiation of deals with satellite launching service companies

#### Operation of satellites

- Operation and monitoring of satellites
- Operation and monitoring of communication lines

#### Provision of services to customers

- Proposition and development of communications solutions
- Collaboration with ground station manufacturers
- Handling of inquiries about operation

#### Compliance with laws and regulations

- Wireless license operations
- International coordination of satellite orbits and frequencies

#### Other technological development

- Image and data analysis using AI technology, etc.
- Research and development of quantum cryptography technology

### Infrastructure and Business License

- Communications satellites (16 satellites)
- Control center facilities (5 locations across Japan, including Yokohama and Ibaraki)
- Sites in overseas locations (Singapore, Hong Kong, Indonesia, and Washington D.C.)
- Business registration and radio wave license related to satellite communications

## Co-creation with Partners

### Partners

- Satellite manufacturers
- Ground facility vendors
- Satellite operators
- Low earth orbit (LEO) satellite businesses
- Government and public agencies
- Universities and research institutes
- Companies in different industries; start-ups, etc.

### Partners

- Satellite manufacturers
- Ground facility vendors
- Satellite launching service companies
- Government and public agencies, etc.

### Partners

- Satellite operators
- Telecommunication carriers, etc.

## Sustainable Growth

### New Domains

#### Provision of applications/ business domain expansion

- Universal NTN (GEO/LEO/HAPS)
- Earth observation data and analysis (Spatio-i)
- Optical data relay
- Space debris removal using lasers
- Satellite quantum key distribution

Working with diverse business partners to explore new business fields

### Core Business Domains

#### Provision of domestic satellite communications and broadcasting lines

- Disaster contingency planning
- Mobile backhaul lines
- Satellite broadcasting lines
- Security field
- Closing the digital divide

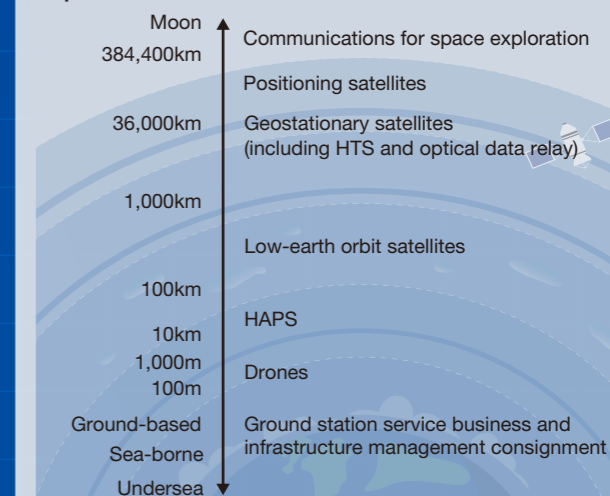
Actively tap into the Asia-Pacific market that has been achieving growth using next-generation satellite communications technologies as its foothold

### Global and Mobile Field

#### Satellite communications for overseas and mobility network

- Tapping into demand for internet connection
- Tapping into demand for shipping vessels and aircraft
- Leveraging high throughput satellites (HTS) and actively introducing satellites equipped with flexible payloads HTS; Horizons 3e, JCSAT-1C, Superbird-9 (scheduled to commence service in fiscal 2025)

### Expansion of Business Domains



### Features of Satellite Communications

#### Flexibility (Can connect anytime and anyplace)

Satellite communications can broadly cover the entire globe and provide high-speed communications services to digital divide regions and also shipping vessels and aircraft. Furthermore, they can flexibly handle simultaneous distribution to many sites at once and temporary settings for relay lines, etc.

#### Resilience (disaster-resistance)

They can build robust communications networks which are not affected by natural disasters such as earthquakes, etc., so satellite communications can be used for diverse applications such as disaster prevention applications, backup lines for ground communications, mobile base station backhaul lines, etc.

#### Security (communication lines with a high degree of safety)

Unauthorized access is not easy compared to terrestrial networks, so it is possible for satellite communications to ensure high security. They exercise an outstanding role in peace of mind and safety, and the propagation of information with a highly secret nature, including for the security field.

#### Sustainability (infrastructure of a sustainable society)

Satellites are operated using solar light, a clean, renewable energy. Furthermore, it is expected that utilization of the earth observation data which can be obtained from space can contribute to a sustainable society in the fields of disaster prediction, etc.

### Global Satellite Operator Ranking

	SES Luxembourg	Intelsat Luxembourg	Eutelsat France	Telesat Canada	SKY Perfect JSAT HD*2 Japan
FY2021 Net Sales*1 (Millions of U.S. dollars)	1,991	1,913	1,287	607	486
No. of satellites held (GEO)	38	38	32	12	16

\*1 Figures for SES and Telesat are for FY ended December 2021, for Intelsat are for FY ended March 2020 (the figures for FY2021 have not been announced), for Eutelsat are for FY ended June 2022 and for the Company are for FY ended March 2022. The exchange rates were converted using the rates for the end of March 2022 (US\$1 = JPY 122.41, EUR€1 = JPY 136.77, CAD\$1 = JPY 97.94).

\*2 Sales figures for the Company contain only the figure for the Space Business segment.  
Source: Compiled and edited by the Company from the websites and reports, etc., of each company.



# Review of Operations | Space Business



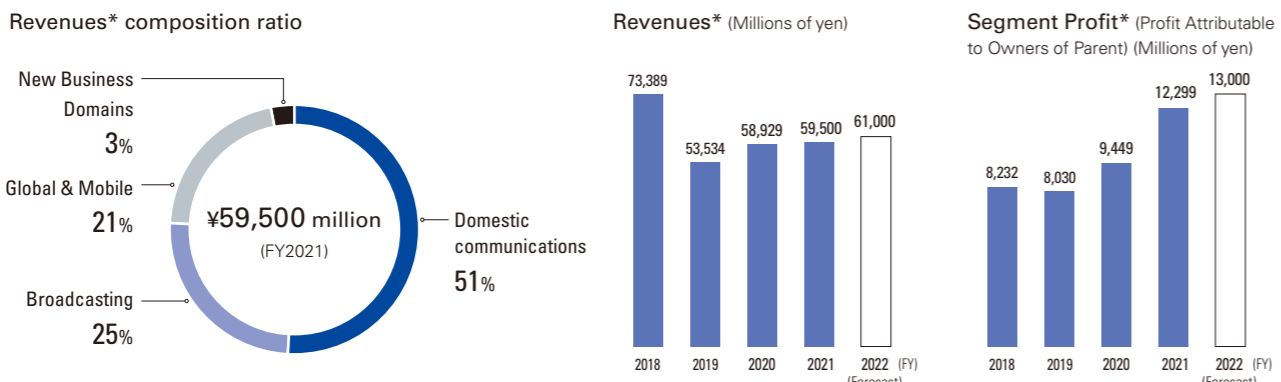
We are aiming for sustained growth through business expansion in the global and mobile field and new domains.

**Toru Fukuoka**  
Representative Director  
(Unit President, Space Business Unit,  
SKY Perfect JSAT Corporation)

<ul style="list-style-type: none"> <li>• A track record of having driven the private sector space business of Japan for more than 30 years                     <ul style="list-style-type: none"> <li>✓ Technology and knowledge regarding satellite procurement and operation</li> <li>✓ The commercialization capacity to take new technologies and turn them into businesses and apply them in society</li> <li>✓ Stable customer base in Japan</li> </ul> </li> <li>• Competitiveness in the Asia-Pacific region                     <ul style="list-style-type: none"> <li>✓ A satellite fleet which can meet communications demand (16 satellites)</li> <li>✓ Employment of the latest-model satellites (we have two HTS in operation and are currently procuring one fully digital communications satellite)</li> <li>✓ Partnerships with regional and global satellite operators</li> </ul> </li> </ul> <p><b>S</b> (Strengths)</p>	<ul style="list-style-type: none"> <li>• Difference in scale from global satellite operators                     <ul style="list-style-type: none"> <li>✓ Number of satellites held</li> <li>✓ Covered area</li> </ul> </li> <li>• Difference in infrastructure rollout other than geostationary orbit satellites                     <ul style="list-style-type: none"> <li>✓ The Company hasn't experienced handling satellites such as LEO, MEO, etc.</li> <li>* Regarding LEO, the Company has a track record of control and management consignment</li> </ul> </li> </ul> <p><b>W</b> (Weaknesses)</p>
<ul style="list-style-type: none"> <li>• Increase in demand for satellite communication lines                     <ul style="list-style-type: none"> <li>✓ Asia-Pacific and North America areas</li> <li>✓ Mobile services for shipping vessels, aircraft, etc.</li> <li>✓ Backhaul for mobile phone base stations</li> <li>✓ The security and disaster prevention fields</li> </ul> </li> <li>• Revitalization of the global space industry and use of space                     <ul style="list-style-type: none"> <li>✓ Data business, including earth observation, image analysis, etc.</li> <li>✓ The move to form a new communications infrastructure utilizing space in Beyond 5G/6G</li> <li>✓ Growing interest in the space environment, including space debris, etc.</li> </ul> </li> </ul> <p><b>O</b> (Opportunities)</p>	<ul style="list-style-type: none"> <li>• Intensifying price competition in the overseas market for satellite communication lines</li> <li>• Medium- to long-term entry of foreign companies into Japanese market</li> <li>• Reduced use of satellite communications due to expansion of terrestrial communications networks</li> <li>• Emergence of country risks</li> <li>• Increased of cybersecurity risks</li> </ul> <p><b>T</b> (Threats)</p>

**Key Points regarding the Financial Results**

- There were higher revenues due to the revenue contribution of global and mobile, etc., and in addition due to the steady acquisition of projects in new domains, etc.
- Expenses increased as a consequence of the higher revenues in new domains, while on the other hand the decrease in satellite depreciation and amortization contributed to higher profit



\* Includes intersegment transactions

## Business Climate

For our services of satellite communications in the geostationary orbit, stable demand for communication lines for disaster contingency planning mainly for government agencies and backhaul lines for mobile phone base stations, etc., is forecast.

Due to the impact of COVID-19, demand for aircraft internet access satellite lines dropped temporarily, but in the medium- to long-term continuing expansion of the mobile market for shipping vessels and aircraft, etc., is expected. In the global market, the growing use of HTS, which offers high speed, large capacity, and low unit cost per bandwidth, is continuing to intensify

price competition with global satellite operators, while on the other hand demand for services for accessing the Internet using satellites is increasing, particularly in Asia.

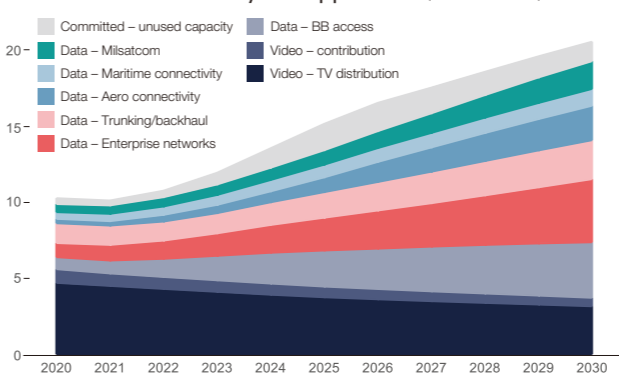
The business climate is changing greatly, with new entries to the space business continuing one after another at the global level, the development of inexpensive rockets using new technologies, and the promotion of projects for large-scale low-earth orbit satellite communications systems, etc., while the possibilities of the space business are expanding greatly.

## Review of Fiscal 2021

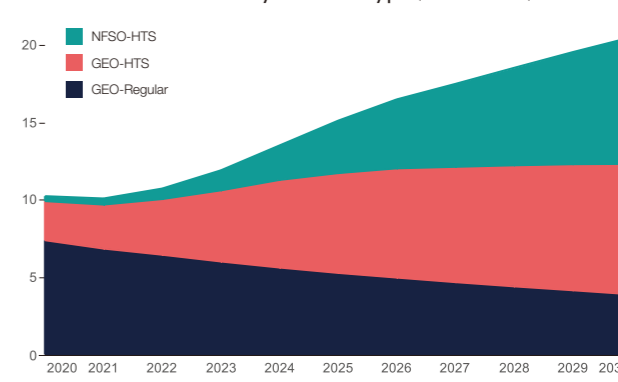
In fiscal 2021, the Space Business increased revenues by ¥0.6 billion year on year to ¥59.5 billion. The impact of the application of the "Accounting Standard for Revenue Recognition" and other standards became a reduction factor of ¥3.3 billion, but there was growth in the global market and new business domains. Furthermore, operating profit increased by ¥2.0 billion to ¥15.9 billion due to an increase in revenue and in addition due to a decrease in satellite depreciation of ¥1.1 billion, and segment profit after tax showed growth of 30.2%, increasing ¥2.9 billion to ¥12.3 billion, higher than the assumption at the beginning of the period. Regarding satellite communications services, the two

HTS are contributing to revenue. Horizons 3e is steadily acquiring new customers mainly in the Asia-Pacific region and JCSAT-1C has also commenced the provision of a service for Wi-Fi inside aircraft. In this context, in January 2022 we established the Asia Business Division and the Singapore Branch with the objectives of reliably tapping into demand in the Asia region, information gathering and transmission, and formulating sales strategies for new products, etc. Furthermore, domestically, the businesses expanded in new domains such as satellite image sales, etc., making up for the stagnation of broadcast transponder income.

Market scale forecast by use application (in billion USD)



Market scale forecast by satellite type (in billion USD)



Source: Euroconsult, Satellite Connectivity and Video Market, 28<sup>th</sup> edition, September 2021

Our business fields cover all spaces from outer space to the sea, and we are providing a variety of satellite communications services, such as backup lines for when disasters occur, Internet lines for shipping vessels and aircraft etc., etc.

The detailed information can be viewed below.  
<https://www.skyperfectjsat.space/jsat/>

Putting Value Creation into Practice

Who We Are

What We're Planning

How We're Doing

Governance

Data Section

Financial Section

Review of Operations | Space Business

Outlook for Fiscal 2022

We are aiming for revenues in the Space Business in fiscal 2022 of ¥61.0 billion, a ¥1.5 billion increase year on year, by expanding our business mainly in the global and mobile field and the new domains. Furthermore, we are anticipating an operating profit of ¥18.5 billion, an increase of ¥2.6 billion, and segment profit after tax of ¥13.0 billion, an increase of ¥0.7 billion, due to expansion of the new highly profitable businesses and the decrease in satellite depreciation

We are working for further expansion of HTS users using Horizons 3e and JCSAT-1C, which are capable of large capacity communications. Regarding JCSAT-1C in particular, we have commenced providing a service in Indonesia together with Teleglobal, which we expect

this service to shift into high gear going forward, and in addition, we plan to utilize it in the maritime broadband service JSATMarine we commenced in January 2022, which realizes a world top class satellite communications speed. Meanwhile, our transactions with overseas satellite image providers are growing, and we will focus our efforts on revenue expansion in the business intelligence field that combines a variety of geospatial information available from satellites with AI analysis. Furthermore, as a new initiative, in July 2022 we established Space Compass Corporation, a joint venture with NTT Corporation and we are making the business a reality in order to realize the space integrated computing network concept.

Medium- to Long-Term Business Strategy

Regarding satellite communications services, in order to expand our business in the global market, we plan to commence a service using the Superbird-9, which is equipped with the latest technology called “flexible payloads,” a first for Asia, in fiscal 2025. This will be the successor to Superbird-C2, which is currently in operation, and it is a fully digital communications satellite which enables flexible on-orbit changes of coverage area and transmission capacity in line with market and customer needs.

Through this initiative, we will increase the competitiveness of our existing services while also accelerating our entry into new domains. It is thought that the space industry will play an important role in the super smart society (Society 5.0) in which a variety of objects are connected via data. The Company commenced the space intelligence business initiative from 2019 and has built the foundation of a solutions business utilizing satellite data in a wide range of domains.

Specifically, in order to commercialize a satellite data analysis information service useful for ascertaining the situation at times of disaster and for continuous national territory and infrastructure monitoring at normal times, etc., the Company was among the six companies that established Satellite Data Services Co., Ltd., and the new company aims to provide a full-scale service from fiscal 2023. Furthermore, in December 2021, the Company took a stake in iQPS Inc. as the lead investor in that company’s Series B round.\* This company is a venture company which is aiming for the realization of the world’s first near real-time earth observation

system using a high-resolution small SAR (Synthetic Aperture Radar) satellite. Through our business alliance with this company, we will advance the development of a satellite data business utilizing a small SAR satellite constellation which can observe a wide area of the earth periodically and automatically.

Moreover as a medium- to long-term initiative, we are focusing our efforts on building a Universal NTN (non-terrestrial network) which connects different spaces, such as the sea, sky, and outer space, etc., to each other via not only satellites but also diverse communications platforms such as the high altitude communications platform (HAPS), etc. For that reason, we have concluded a business alliance agreement with NTT Corporation regarding the space integrated computing network concept which fully utilizes space as ICT infrastructure. In fiscal 2022 as the first step under that agreement, we established the Space Compass Corporation, a joint venture, and we are aiming to create a space data center business (optical data relay service, etc.) and a space RAN business. In addition, as a government project, we are tackling research and development toward realization of a quantum cryptography communications network using satellite communications.

In the Space Business, going forward we will make an investment on over ¥150.0 billion in new domains including NTNs and we intend to realize a segment profit after tax of ¥21.0 billion in fiscal 2030.

\* Series B round: the funds procurement round at the stage when the services and products have been evaluated and the business has begun to get off the ground.

From “Connecting” to the Solution of Social Problems

In the Mobile Business Division, we provide satellite communications services for the mobility network, namely airplanes and shipping vessels.

There were times when the demand for Internet access lines for aircraft dropped due to the impact of the spread of COVID-19, but recently there has been a marked recovery trend, particularly on domestic routes. Many people may have had the experience of using in-flight Wi-Fi, recently the number of people using in-flight content and internet by connecting with private smartphones or tablets has been increasing. SKY Perfect JSAT Corporation has already commenced provision of the HTS JCSAT-1C in order to meet the increase in demand going forward, and it plans to commence service of the fully digital satellite Superbird-9 in fiscal 2025; furthermore, it is also enhancing its ground facilities to further meet the needs of its customers.

Regarding services for shipping vessels, in addition to the existing OceanBB plus service, we newly commenced the JSATMarine service in January 2022. All of the satellites used are composed of satellites of the Company only, so we have become to provide a high-level service in terms of quality and security at a reasonable price.

Furthermore, in the previous fiscal year, we participated in the Joint Technology Development Program for Demonstration Tests of Fully Autonomous Ship Navigation in Fully Autonomous Ship Program MEGURI2040 being implemented by the Nippon Foundation, and as professionals in satellite communications we were involved in the provision of the satellite communication lines and the development of the data control system. Communications connecting the land to the ship are essential for fully autonomous navigation, but we confirmed that satellite communications are effective as one means of communication, and contributed to the success of the fully autonomous navigation demonstration tests.

In the coastal shipping of Japan, the aging of crew members, with 50% of them being at least 50 years old, and also securing young crew members, and workforce management, etc., have become issues. We believe that if satellite communications with an always-on connection are available, then expansion of the benefits packages for crew members, online workforce management, streamlining of navigation management, prevention of accidents at sea by ascertaining the position information of shipping vessels, etc., and cargo management utilizing IoT data, etc., become possible, and this would lead to solution of the problems faced by coastal shipping.

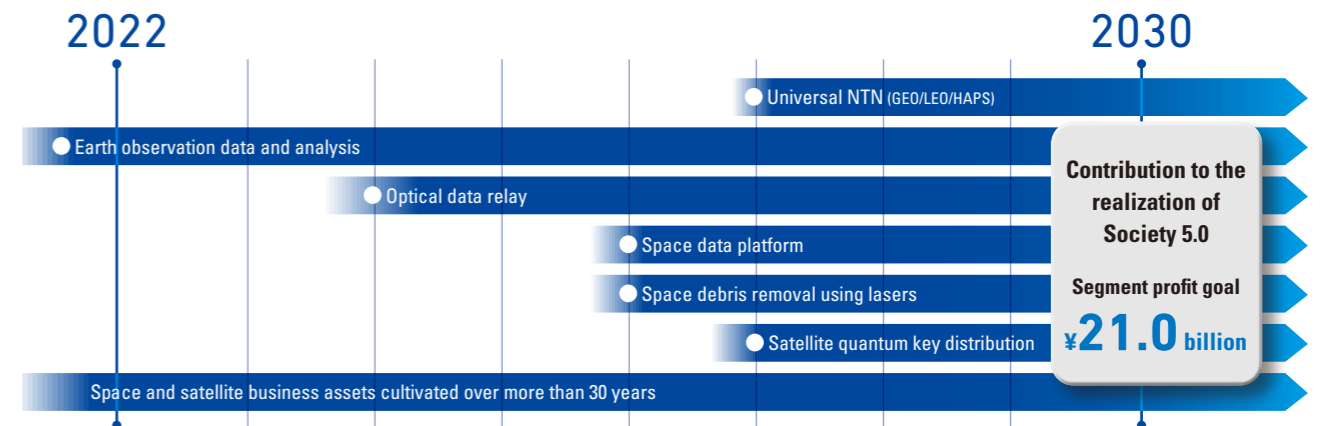
Going forward we will continue to work as hard as we can together with all of our customers and partner companies so that we can move from the function of “connecting” airplanes and ships which had no internet connection to assuming a role that contributes to the solution of social problems.



**Nao Shigenari**  
General Manager  
Mobile Business Division  
Global Business Group  
Space Business Unit  
SKY Perfect JSAT Corporation



Business Milestones



Review of Operations | Space Business



Please view here for the details of the sustainability of the Group.

Key Issues and KPIs in the Space Business

Key issue themes	Key issues (materiality)	Long term		Short term	KPIs/Results
		Long-term goals (ideal state for 2030)		Short-term goals to achieve	Fiscal 2021 Results
Building resilient broadcasting and communications infrastructure Eliminating digital divide	Provision of broadcasting and communications infrastructure to any areas and in any environment	Give connectivity to everything on the planet seeking connection, and constantly provide reliable services, at any time	By developing disaster-resistant broadcasting and communication infrastructure and expanding our reach, we will provide connectivity to all "people who seek connection" on the planet at any time, anywhere	Expand the usage bandwidth of our satellite fleet from the previous fiscal year	Bandwidth of our satellite fleet: +51% compared to FY2020
	Support of BCP and relief and recovery through provision of disaster-resilient broadcasting and communications infrastructure			Expand the usage bandwidth of our satellite fleet from the previous fiscal year	Bandwidth of our satellite fleet: +51% compared to FY2020
	Initiatives to enhance reliability and sustainability of satellite communication services through technological innovation			Reduce the number of major service breaks to zero each year	Number of critical service cuts: 1 (One) incident * Duration: Approx. 6 hours * Impact area: all over Japan and Southeast Asia
Contributing to the environment to make a decarbonized society and recycling-based economy a reality	Support partner companies for reduction of CO2 emissions using satellites	Expand its contribution to renewable energy power generation and supply	Improve service reliability by building partnerships to share backup satellites and control stations among satellite operators	Expand the amount of renewable energy generated by user companies of a solar power generation output prediction service	Aiming to systematize and develop the business of Hybrid Solar Power Generation Output Prediction service with utilizing artificial intelligence, satellite images, and the whole-sky images retrieved by integrated ground sensors after FY2022 with the Central Research Institute of Electric Power Industry.
				Expand the supply of renewable energy project with Challenergy Inc., a company known for wind power generation	Number of Challenergy Projects: Operation of Challenergy's Magnus wind turbines in the Philippines started in June 2022. Satellite internet service using electricity generated by the wind turbines is also scheduled to start.
Improving space environment	Initiatives to remove space debris	Establish a space debris removal service as a business		Realize commercialization of space debris removal services	Progress in commercialization of space debris removal services: Laser technology development, advanced mission analysis, design, and market research, etc.
Promoting innovation which contributes to the environment and society	Development and promotion of remote sensing	Contribute to environmental conservation and social development by evolving businesses that utilize remote sensing		Expand remote sensing projects	Specific examples of the use of remote sensing: • Slope monitoring A time series analysis of subsidence and uplift using SAR data with a partner company for a landslide hazard warning area • Reservoir monitoring InSAR analysis on high-resolution optical images of debris in the reservoir. (Final report in May 2022.)

Elimination of the Digital Divide, Taking Advantage of Characteristics of Satellite Communication, and Utilization of Satellite Communication in the Event of Disaster

Through wide coverage, multi-destination distribution, and mobility, satellite communication makes it possible to secure means of communication, including the Internet, in areas such as mountainous regions and remote islands where terrestrial lines cannot be installed, with electric power and antenna that are capable of receiving electric waves. Through this system, what was once inconvenient becomes comfortable, and this helps to reduce the digital divide among regions. Such merits are not limited to Japan. This expansion of the communication environment contributes to the elimination of disparities in areas such as education, economy, and technologies in the least developed countries.

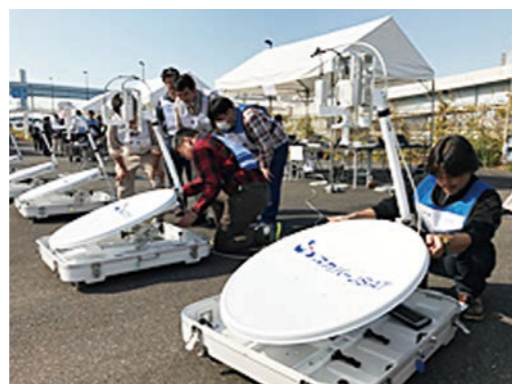
Moreover, as satellite communication is not much affected by natural disasters like earthquakes on the Earth

and due to its high-mobility nature, the use of VSAT (Very Small Aperture Terminal) and vehicles with Satellite News Gathering Systems, makes mobile phone services and Internet communication available even in disaster-affected areas. Furthermore, satellite communication is useful in the provision of relief and medical care in disaster-affected areas in the recovery phase.

Based on the Guidelines concerning Certification for Organizations That Contribute to Strengthening National Resilience (February 2016, the National Resilience Promotion Office in the Cabinet Secretariat), SKY Perfect JSAT Corporation awarded of resilience certification (business continuity) from the Association for Resilience Japan.



Installing satellite communication antennas in the disaster-affected areas



Training in utilizing emergency telecommunications provided by DCOME in November 2017

Provision of a Service Combining Satellite Communications and Wind Power Generation to Southeast Asia and Pacific Island Countries

In a partnership with Challenergy Inc., a company known for typhoon power generation, SKY Perfect JSAT is conducting collaborative activities aimed at operationalizing services that combine stable wind power generation with satellite communications in digitally divided areas of the world, such as Southeast Asia and Pacific island countries, where both power generation and communications infrastructure are underdeveloped.

The Magnus Vertical Axis Wind Turbine that Challenergy has developed has excellent environmental flexibility, with fewer environmental concerns in terms of noise pollution and bird strikes than conventional propeller-type wind turbines, and the capacity to achieve stable power generation both during favorable weather conditions and when there are typhoon-level winds or turbulence. Satellite communication offers the advantage of providing high-level communications service to digitally divided regions, such as remote islands and mountainous regions, and disaster recovery communication platforms for use after a large-scale disaster. This is expected to be the first technology in the world to succeed in harnessing electric power and communication to help the people living in these areas achieve a more modern way of life, instead of using unstable diesel power generation infrastructure, which is expensive and places a greater burden on the environment.

We began offering this service in the Philippines through InfiniVAN, Inc, a consolidated subsidiary of IPS, Inc., as the first introduction.

In the rural areas and islands of the Philippines, there are many areas where high-speed communication networks such as fiber optics are undeveloped. With the spread of online classes and telework on the occasion of the spread of COVID-19, demand for satellite Internet connection services that can quickly install and use broadband environments is also increasing. Until now, InfiniVAN has expanded its mission-critical communications network for high-capacity Internet services, starting in urban areas in the Philippines. However, the addition of satellite Internet connection services provided by the SKY Perfect JSAT to its service lineup will enable it to meet high-speed Internet demand in wide areas in urban areas and rural areas without the introduction of large-scale facilities such as the construction of mobile base stations.



# Media Business

In order to contribute to the realization of a diverse and highly creative society as a platform that connects people, companies, and society, we will start from the experiences of our fans and go beyond them to expand and enhance their domains of experience.

## Our Assets

### Production skills and knowledge

- Program production skills
- Production management and broadcast operation
- Experience developing receivers and reception equipment

### Contents

- Content planning, formation, and production capabilities
- Content promotion and content marketing capabilities
- Broadcasting rights

### Subscriber database

- Subscriber data
- Data analysis capabilities
- Digital marketing

### Points of contact with subscribers

- Customer Center
- Subscriber management system
- Smart Contact Center

### Infrastructure

- Broadcast and program transmission equipment
- Distribution equipment
- Playout equipment
- Studio facilities
- Independent broadcast channel (4K, HD)

## Co-creation with Partners

### Partners

Diverse partners



### Partners

Broadcasters/program providers  
Contents owners



### Partners

Telecommunication carriers  
CATV companies



## Sustainable Growth

### Broadcasting

Provide our satellite-based multichannel broadcast SKY PerfectTV! using diverse means of viewing

- Satellite broadcasting  
124/128 degrees east longitude  
110 degrees east longitude  
(the same longitude as BS broadcasting)
- FTTH (Fiber To The Home)

### Distribution

We have rolled out SPOOX, a free distribution service for SKY PerfectTV! subscribers for the 5G/Beyond 5G era

- Diverse content can be viewed anytime and anyplace
- As a platform that leads to video distribution, it is connected to other companies in the same industry and each player in other industries

### Real

Expansion and enhancement of fan experiences

- We provide real experiences such as fan meetings, events, merchandise sales, tour programs, etc., so that ways of seeing the world can be enjoyed from the fans' perspective
- In the future, we will expand and enhance real experiences which combine physical space and cyberspace in sophisticated ways, the next generation of visual experiences

### FTTH

We provide re-transmission services for terrestrial, BS/CS, and new 4K8K satellite broadcasting service using optical fiber line

- These services are available to approximately 34 million households in 35 prefectures
- We aim to expand the service area and increase the number of subscribers
- We provide multichannel broadcasts to cable television stations

### Media solutions

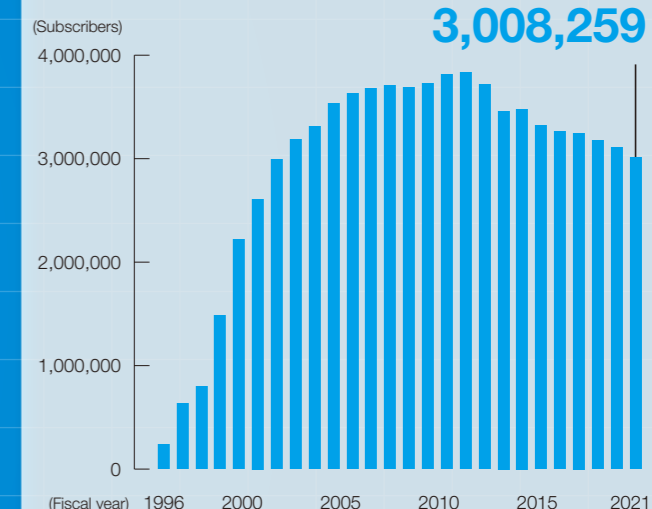
A solutions business utilizing the tangible and intangible assets we hold

- Media HUB Cloud
- Content database

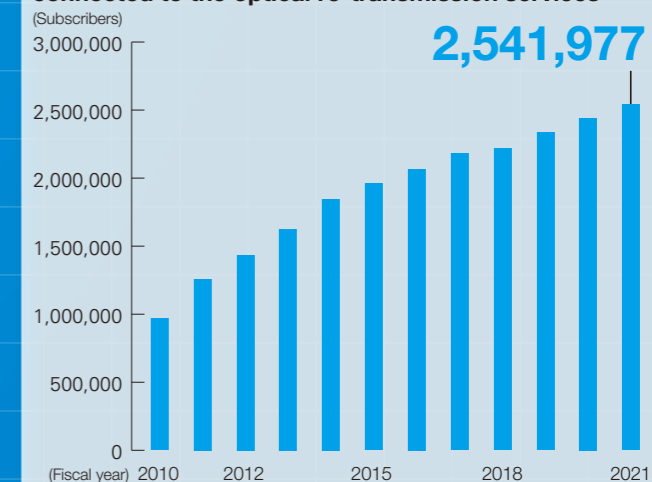
### Trends in subscribers

The SKY PerfectTV! broadcasting service is in an intensely competitive environment due to the expansion of the video distribution service market, while on the other hand the number of connected households is steadily expanding in optical re-transmission services.

### Cumulative subscription trends for three SKY PerfectTV! services (IC cards or IC chips)



### Cumulative trends in the number of households connected to the optical re-transmission services



# Review of Operations | Media Business



We will expand into new domains while addressing a diverse array of needs both in distribution and broadcasting.

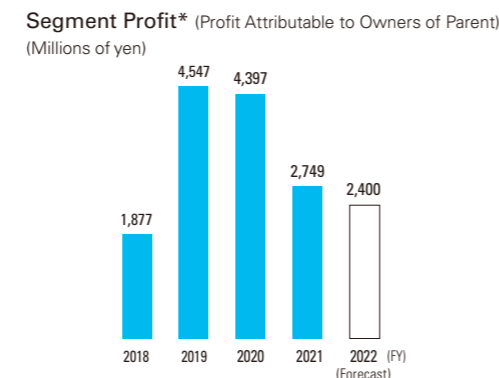
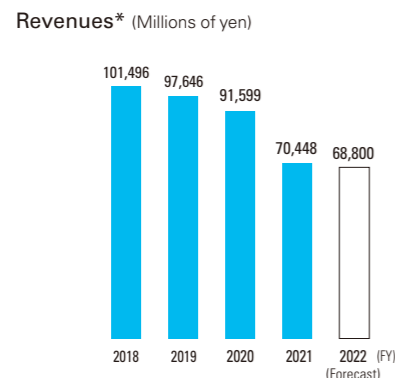
**Masato Ogawa**  
Board Director  
(Unit President, Media Business Unit,  
SKY Perfect JSAT Corporation)

Putting Value Creation into Practice

<ul style="list-style-type: none"> <li>• A great variety of specialized channels not available on terrestrial broadcasts</li> <li>• Customer base of approx. 3 million for multichannel broadcast services and 2.54 million for optical re-transmission services</li> <li>• High sales per customer</li> <li>• Network with broadcasters and other content providers</li> <li>• Infrastructure and operational know-how in both broadcasting and distribution</li> <li>• Extensive track record of communicating with audiences via content</li> <li>• Various transmission lines for broadcasting, distribution, and FTTH re-transmission</li> </ul> <p style="text-align: center;"><b>S</b> (Strengths)</p>	<ul style="list-style-type: none"> <li>• Heavy reliance on broadcast services</li> <li>• Need to improve viewing environment for satellite broadcasts</li> <li>• Difference in scale compared to global players                     <ul style="list-style-type: none"> <li>✓ Content</li> <li>✓ Target countries</li> </ul> </li> <li>• Because we are a platformer, it is hard to differentiate ourselves with content</li> <li>• No advantages in price competition</li> <li>• Difficult to choose services for each transmission line</li> <li>• The adoption of the Accounting Standard for Revenue Recognition and other standards</li> </ul> <p style="text-align: center;"><b>W</b> (Weaknesses)</p>
<ul style="list-style-type: none"> <li>• Increased demand for FTTH (Fiber To The Home)</li> <li>• Expansion of video distribution market</li> <li>• Increased demand for video distribution in the corporate sector</li> <li>• Increased adoption of Web3, etc.</li> <li>• Alignment of main target generation with largest demographic</li> </ul> <p style="text-align: center;"><b>O</b> (Opportunities)</p>	<ul style="list-style-type: none"> <li>• Intensified competition for customers and content with OTT businesses</li> <li>• Decreasing populations and reduced interest in television</li> <li>• Terrestrial IP (simultaneous) redistribution</li> <li>• Unauthorized viewing</li> </ul> <p style="text-align: center;"><b>T</b> (Threats)</p>

**Key Financial Points**

- ¥3.4 billion decrease due to lower number of total subscribers and other factors, excluding the impact of the application of the "Accounting Standard for Revenue Recognition" (hereinafter "Revenue Recognition Standard") and other standards
- Decrease in both operating profit and segment profit due to decrease in subscription revenue and other revenue etc.
- Steady increase in number of households with FTTH subscriptions



\* Includes intersegment transactions

## Business Climate

In the environment surrounding the Media Business, while the existing pay broadcasting market has matured, the expansion of both the paid and free video

distribution service markets has led to fierce competition with domestic and foreign providers in terms of both content and customer acquisition.

## Review of Fiscal 2021

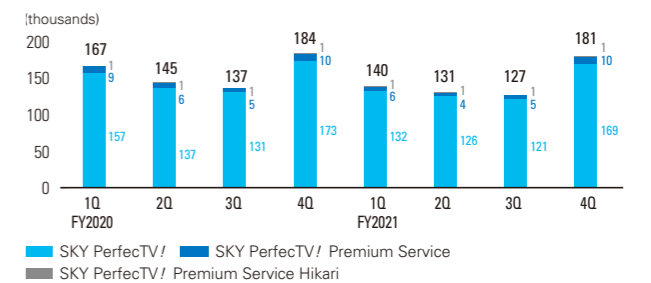
Fiscal 2021 revenues of the Media Business dropped ¥21.2 billion year on year to ¥70.4 billion. Besides a net decrease of 3,008,259 in total subscribers (a year on year decrease of 94 thousands) due to intensified competition with OTT service providers, there was a decrease of ¥17.7 billion due to the application of the "Revenue Recognition Standard" and other standards. Excluding the impact of the accounting policy change, revenues were down ¥3.4 billion. Due to the decrease in revenues, operating profit decreased ¥2.3 billion to ¥3.7 billion, and profit attributable to owners of the parent (segment profit) decreased ¥1.6 billion to ¥2.7 billion. Meanwhile, the number of households to which FTTH can be provided has increased to approximately 34 million, reaching

2.54 million subscribing households at the end of the fiscal year (2.44 million at the end of fiscal 2020). Amid these developments, we have worked to enhance customer satisfaction by releasing the "Bundesliga LIVE App" with an "interactive feed" feature that integrates video and data to provide a new viewing experience. Further, in October 2021, we enhanced our distribution services by launching a free distribution service for SKY PerfectTV! subscribers, as well as "SPOOX," a paid video distribution service. Meanwhile, from the viewpoint of profitability, broadcasting and distribution of "WAKUWAKU JAPAN," a channel dedicated to Japanese content for overseas viewers, ceased at the end of March 2022.

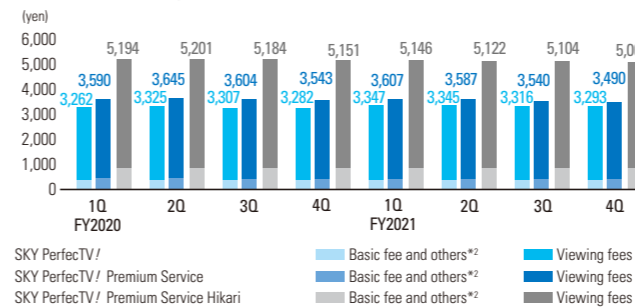
Key Performance Indicators (Total of three services)

	FY2020	FY2021
Number of New Subscribers* (thousands)	63.3	57.9
Net Increase in Subscribers (thousands)	(6.8)	(9.4)
Number of Cumulative Subscribers (thousands)	3,102	3,008
Average Monthly Contractor's Payment (JPY)		
SKY PerfectTV!	3,294	3,326
SKY PerfectTV!/Premium Service	3,596	3,557
SKY PerfectTV!/Premium Service Hikari	5,183	5,109
Total Subscribers Acquisition Cost (SAC) (billions of yen)	9.8	9.7
Optical Retransmission Services Connected Households (thousands)	2,441	2,542

Number of New Subscribers

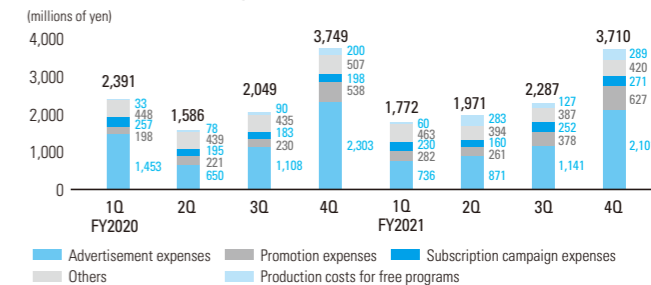


Contractor's Payments\*1



\*1 Average amount paid by Contractors in the form of monthly viewing fees, etc. 30% of subscriber payments for SKY PerfectTV! is recognized as commission fee revenue. In fiscal 2021, 50% of subscriber payments for SKY PerfectTV!/ Premium Service and SKY PerfectTV!/ Premium Service Hikari excluding program provision fees is recognized as viewing fee revenue.  
\*2 Basic fee and rental fee of set top box

Total Subscribers Acquisition Cost (SAC)\*



\* Advertisement expenses: Advertising expenses for various media.  
Promotion expenses: Promotion cost to acquire new subscribers, and sales incentives\*1.  
Subscription campaign expenses: Cost of campaigns to acquire new subscribers (free of charge antenna installation, etc.).  
Others: Operation costs of SKY PerfectTV! customer center etc.  
Production costs for free programs: Costs associated with production cost for free programs, such as BS SKY PerfectTV!.  
\*1 Since the first quarter of fiscal 2021, items previously listed as "sales incentives" have been combined into the "promotion expenses" category. The promotion expenses for fiscal 2020 have been recalculated in the same manner.

Who We Are

What We're Planning

How We're Doing

Governance

Data Section

Financial Section

Review of Operations | Media Business

Outlook for Fiscal 2022

Given that competition for customer acquisition and content acquisition centered on sports has continued to intensify, total subscribers to the three SKY PerfectTV! services are expected to decrease by 95,000 to 2,913,000 in fiscal 2022. As a result, revenues in the Media Business are expected to decrease by ¥1.6 billion from the previous year to ¥68.8 billion, operating profit is expected to decrease by ¥0.5 billion to ¥3.2 billion, and profit attributable to owners of the parent (segment profit) is expected to decrease by ¥0.3 billion to ¥2.4 billion.

As part of structural reforms for maintaining and improving earnings and expenses for our existing businesses, we will continue to aim for cost efficiency, which includes terminating BS SKY PerfectTV! at the end of October 2022 due to our determination that its role in promoting subscriptions and deterring cancellations has come to an end. In addition to expanding the FTTH business, we will work to increase penetration of the "SPOOX" paid video distribution service and promote new business domains.

Medium- to Long-term Business Strategy

As a platform that connects people, companies, and society, the Media Business will expand beyond the fan experience to encompass new experiences and help make a diverse and creative society a reality. To achieve this goal, we will concentrate investment in new domains, which includes concerted efforts at forging business alliances and aim to achieve segment profit of ¥5 billion by 2030.

The number of subscriptions in our satellite broadcasting business is gradually declining due to fierce competition.

At the same time, we will expand our FTTH business, where subscriptions have been steadily increasing every fiscal year and promote diversification in our businesses and earnings through new business domains. In view of this, as we look toward 2030, we plan for a concentrated investment of over ¥50 billion in the Connected TV, Media Solutions, and Offline domains.

In the Connected TV Business, we will promote the development of dongles that allow users to view various types of video distribution services, both paid and free, on large screen TVs.

In September 2021, we invested in FreakOut Holdings, Inc. to build an advertising platform as part of our Connected TV business. Through our business alliance with this company, we aim to create businesses that use new advertising methods based on data on individual preferences and behavior.

In the Media Solutions Business, we will leverage our tangible and intangible assets to develop a solutions business that addresses corporate issues.

The Media HUB Cloud, a video distribution support service that we began offering last year, allows us to

act as a hub to support content providers and others by lowering their operational burden as they develop their distribution business. We would like to take advantage of the track record we have achieved in the multichannel broadcasting business to secure around ¥1 billion in new revenue within the next few years, not only via content providers and service providers, but also by approaching corporations.

We're also working to create a content database that systematically manages the information necessary for video content to be utilized. Through the addition of plentiful and detailed information relevant to the content in question via our unique system, we hope to stimulate the distribution of information and contribute to the efficiency and spread of the video business.

In our approach to real experiences, we will offer real-life excitement to fans of various content through fan meetups, events, merchandise sales, and tours, allowing them to enjoy themselves through a fan's lens. With regard to Bundesliga of Germany, in addition to broadcasting and rights through the 2025 season, our partnership agreement will allow for joint marketing, and this November, Bundesliga clubs will be invited to Japan to host friendly matches with J-League clubs to deliver an exciting experience to Japanese soccer fans.

We are also working on other projects, including a virtual professional baseball camp in which viewers can participate via the Metaverse and a VR handshake event utilizing new technology.

Through this business strategy, we target a segment profit of ¥5 billion in fiscal 2030 by combining the existing businesses that form the foundation of our operations with new domains.

Providing new visual experiences

More and more customers are enjoying both TV and the internet.

To satisfy their demands, our Distribution Division is in charge of planning new video experiences and business promotion. Here are three primary examples.

The first is a free distribution service for SKY PerfectTV! subscribers that allows viewers to enjoy TV programs on mobile applications and PCs. We aim to improve convenience and satisfaction for SKY PerfectTV! subscribers. Currently, professional baseball and soccer livestreams are very popular. We plan to expand the lineup and update the service to make it more convenient in 2022.

Second is "SPOOX." "SPOOX" is a paid subscription service available to everyone. The name of the service is a coined word created by combining SP (SKY PerfectTV!), oo (infinity), and X (the unknown). It was chosen to express the idea of "a place where we continuously strive to create new value." In February, we began offering an all-you-can-watch package featuring approximately 30,000 different items of content (Value Plan) in collaboration with NTT Plala Inc. (now NTT DOCOMO, Inc.). Also, in collaboration with FreakOut, Inc., advanced ad serving capabilities will be added in 2022. SPOOX aims to provide a unique content experience.

Third is "Connected TV (CTV)." "CTV" is a distribution service that allows users to watch multiple video services all on the same internet-connected TV (including external devices). Preparations are currently proceeding at a rapid pace as we look toward the launch of CTV services next fiscal year. We are aiming to be a unique hybrid platformer that combines both satellite and CTV platforms.

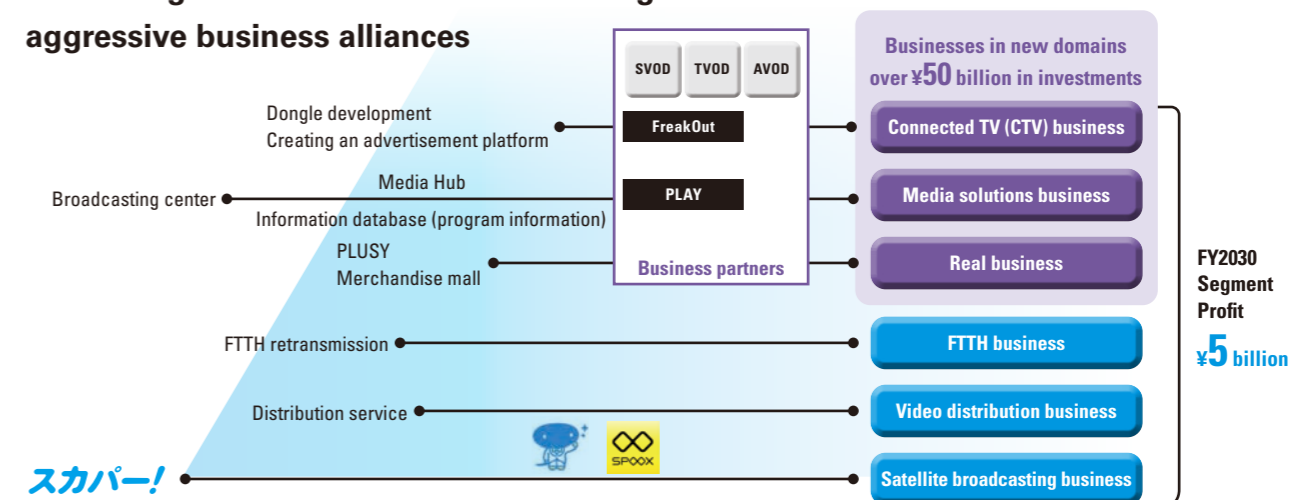
We hope you look forward to the future of the SKY PerfectTV! service as it continues to expand and evolve!



**Masahiro Hasegawa**  
Media Business Unit  
Media Business Group  
General Manager,  
Multiple Video SERVICE  
Distribution Division

How Our Media Business Has Grown

Extending the fan experience beyond videos  
Promoting new business domains through aggressive business alliances



Review of Operations | Media Business



Please view here for the details of the sustainability of the Group.

Key issues for Media Business and KPIs

Key issue themes	Key issues (materiality)	Long term		Short term	KPIs/Results
		Long-term goals (ideal state for 2030)		Short-term goals to achieve	Fiscal 2021 Results
Building resilient broadcasting and communications infrastructure Eliminating digital divide	Provision of broadcasting and communications infrastructure to any areas and in any environment	Provide connectivity to everyone in the world seeking connections at all times, along with constant, reliable service	Provide connectivity to everyone in the world seeking connections anytime, anywhere by developing disaster-resistant broadcasting and telecommunications infrastructure and expanding coverage	Raise the number of households that can receive broadcasting services via optical fiber in addition to satellite to 35 million by 2023	Number of households capable of receiving broadcasting service: Approx. 34 million households (as of end of fiscal 2021) * Newly launched in Toyama Prefecture in February, bringing total prefectures provided with services to 35
	Support of BCP and relief and recovery through provision of disaster-resilient broadcasting and communications infrastructure			Install wind-resistant 90m antennas and reinforce the rooftop structure at SKY PerfecTV!/Tokyo Media Center	Install wind-resistant 90m antennas and reinforce the rooftop structure at SKY PerfecTV!/Tokyo Media Center (Achieved)
Improving the richness of life through a diversity of content	Provision of a wide range of content via broadcasting, distribution, and various subscriber interfaces	Create an integrated media platform that broadens people's values by offering a variety of content and services	Facilitate encounters between people and content, and create a world where people can easily watch their desired content	Besides satellite broadcasting, provide more opportunities for people to enjoy content by making greater use of distribution services and interactive functions	<ul style="list-style-type: none"> <li>Launched a new video distribution service, "SPOOX," in October 2021. "Value Plan" launched in February 2022</li> <li>Plan to make SoftBank Hawks camp available to be enjoyed on the Metaverse implemented in January 2022</li> </ul>
	Promotion of content distribution by supporting entry of diverse content holders			Create a mechanism for providing content providers with integrated functionality, including studio functionality and content transmission and distribution functionality	Launched Media HUB Cloud, a media solutions service for content providers, in June 2021
	Appropriate action for content involving violence, human rights, discrimination, etc.			Establish ethical guidelines for the provision of video content and set standards for our services	Established guidelines (internal regulations) for content we provide in October 2021 * Includes distribution
Promoting innovation that contributes to the environment and society	Provision of new value through upgrades of broadcasting and communication and technological development	Continue to provide new video and customer services to push society forward		Continue to introduce new services that increase customer value on an annual basis	<ul style="list-style-type: none"> <li>October 2021: New distribution service "SPOOX/SPOOX EX" started</li> <li>July 2021: "PLUSY" home appliance subscriber service launched</li> <li>June 2021: Launched Media HUB Cloud, a media solutions service</li> <li>July 2021: Launched apartment building video equipment maintenance service</li> </ul>
Regional and community development	Social contribution, taking advantage of characteristics of broadcast slots, programs, commercials, etc.	Achieve the SKY Perfect JSAT Group Mission "Space for your Smile" through social contributions using our own infrastructure		Implement social contribution measures utilizing SKY PerfecTV!/assets	<ul style="list-style-type: none"> <li>Produced and broadcast "SKY PerfecTV!/Idol Fest! Think of SDGs" on BS SKY PerfecTV! <a href="https://www.skyperfectjsat.space/news/detail/_vrin.html">Details available on website https://www.skyperfectjsat.space/news/detail/_vrin.html</a></li> <li>An event to give away domestic plane tickets to junior high and high school students <a href="https://www.skyperfectjsat.space/news/files/pdf/77158dbbfd9f5af5c3df01f7988f06af.pdf">Details available on website https://www.skyperfectjsat.space/news/files/pdf/77158dbbfd9f5af5c3df01f7988f06af.pdf</a></li> </ul>

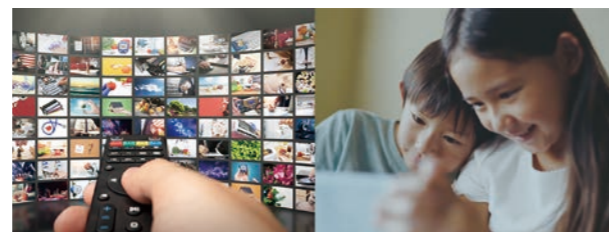
Emphasis on Expansion of FTTH Retransmission Service

We provide optical fiber-based retransmission service (FTTH) as well as satellite TV broadcast service. The optical fiber-based retransmission service enables subscribers to view terrestrial TV broadcasts, broadcasting satellite (BS) broadcasts, and SKY PerfecTV! without installing an antenna. Since September 2019, it has become possible to view all channels of new 4K/8K satellite broadcasting, including NHK's BS8K channel, via our retransmission service.

By installing a dedicated adapter, superior picture quality is available without refurbishment of the facilities at home. Our fiber-based retransmission service can cover approximately 34 million households and over 2.5 million households are already subscribing to the service (as of July 31, 2021). We will expand the FTTH retransmission service area to increase the number of subscribing households and also aim to increase the number of subscribers of SKY PerfecTV! via optical fiber.

Multi-channel Broadcasting Contributes to Creation of a Society Embracing Diversity

Our multi-channel satellite broadcasting TV platform, SKY PerfecTV!, offers more than 100 channels. Through diverse channels, including anime, sports, Japanese and foreign movies and drama, hobbies, and news channels, SKY PerfecTV! offers viewers opportunities to get to know diverse cultures and values. In line with the diversification of lifestyles, we offer SKY PerfecTV! via various means, such as satellite, optical fiber, and internet, and for various devices, such as PCs, smartphones, and IPTVs. Subscribers can enjoy SKY PerfecTV! anywhere anytime without device constraints.



In October 2021, we also launched "SPOOX," a video distribution service that offers a variety of content, with over 30,000 titles.

Contribution to Distribution Services in Japan and Overseas by Media Hub Cloud

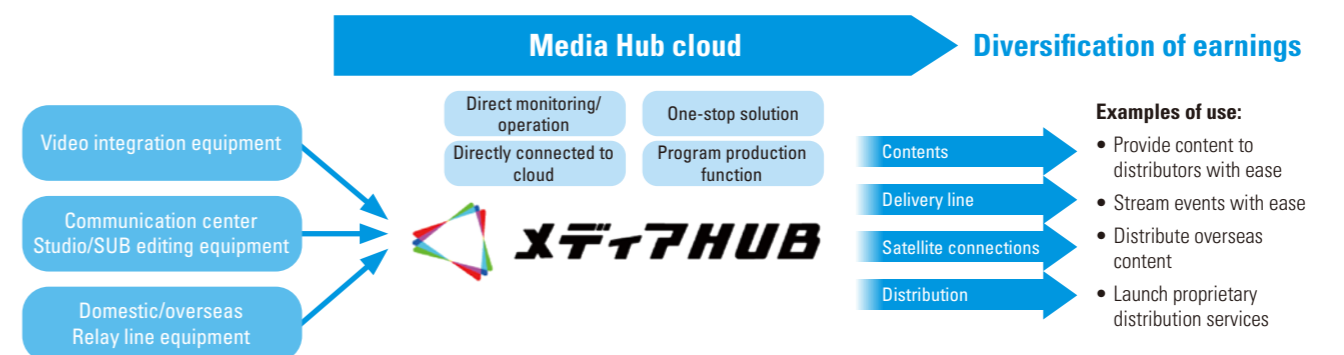
In October 2021, in collaboration with PLAY, Inc., we launched a service to provide support to domestic and international distribution services.

This service provides complete support for video distribution, from content production to distribution and operation, by utilizing our broadcasting equipment and technology and PLAY's media cloud to provide a hub for video distribution. With over the top video distribution services in the midst of a boom, this allows us to meet the diverse needs of

content owners who want to provide content to distribution companies, companies who want to stream events online, and stores and businesses who want to provide distribution services for their customers.

This will make it possible to have a wealth of Japanese and foreign live content, channels, and accompanying metadata in the internet cloud while reducing the workload of both content providers and content distributors, allowing them to handle content without expending time and effort.

Develop a new revenue source by providing broadcast business assets as a video distribution hub function



# Environment


The SKY Perfect JSAT Group has positioned “Contributing to the environment to make a decarbonized society and recycling-based economy a reality” as one of its material themes. To this end, in addition to carrying out environmentally friendly initiatives, through our existing services and through the development of new businesses we seek to help improve the global environment and contribute to the resolution of social issues.

Key issue themes	Key issues (materiality)	Long term	Short term	KPIs/Results
		Long-term goals (ideal state for 2030)	Short-term goals to achieve	Fiscal 2021 Results
Contributing to the environment to make a decarbonized society and recycling-based economy a reality	Reduction of CO <sub>2</sub> emissions by promoting use of renewables and improving energy efficiency of satellites and terrestrial facilities	Aim for 100% renewable energy use by the Group	Aim for 80% or more renewable energy use by the Group	Group energy consumption: disclosed in July 2022  <b>Group renewable energy rate</b> • Approx. 30% of the Group's total • Switching to renewable energy for electric power used at Yokohama Satellite Control Center and Space Port East in Ibaraki from January 2022
	Appropriate disposal of industrial waste and promotion of 3Rs (reduce, reuse, recycle)	Reduce the volumes of waste generated by the Group by promoting appropriate disposal, reuse, and recycling of industrial waste	• Calculate the Group's waste volume and disclose it from FY2021 results • Continue to reduce the Group's total waste volume from FY2022 onward compared to the previous year	<b>Group's waste volume</b> • Not completed calculating the actual waste volume generated by the Group • Studying a scheme for recycling antennas, etc. • Present campaign of calendar that was to be disposed for subscribers was carried out
	Environmentally friendly procurement	Promote green procurement (CSR procurement) to all suppliers	• Formulate the Green Procurement Policy (CSR Procurement Policy) in 2022 • From FY2023 onward, set targets for the ratio of suppliers' consent to the Green Procurement Policy (CSR Procurement Policy)	Researching advanced company case studies to formulate the Green Procurement Policy for FY2022

## Launching of New Businesses to Improve the Global Environment and Resolve Social Issues

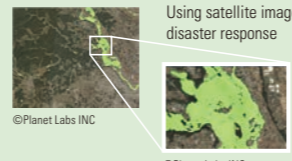
Over the course of more than 30 years, the Company has used space-based solar power generation to develop its business. Our satellite communications systems are able to deliver communications services with just one-third the energy consumption of terrestrial lines, by generating clean energy in space and by ensuring our on-the-ground equipment uses electricity efficiently. Through the creation of new businesses, we are also working to improve the global environment and resolve social issues.

For example, our LEO satellites provide earth observation data for which there is growing demand—for tracking climate change, for example, grasping natural disasters, or understanding marine pollution. The Asian market for such data is predicted to be worth approximately 1.6 billion U.S. dollars by 2029. Having secured a 4–5% share of the market, we are therefore seeking both to contribute to the environment and to increase our profits.



**Environmental initiatives**

- Proper deorbiting of satellites, in line with international rules (improving the environment in space)
- Increasing the lifespan of satellites through careful use (reducing life cycle CO<sub>2</sub>)



**Social initiatives: Providing safe and secure lifestyles**

Using satellite images for disaster response

## Two Control Centers Shift to Renewable Electricity

Seeking to achieve 100% renewable energy at all service operation sites by 2030

Following a review of the power purchasing agreements in place at the “Yokohama Satellite Control Center” and the “Space Port East” located in Ibaraki, in January 2022, we shifted to 100% use of renewably sourced electricity at both sites. As a result, approximately 30% of our entire Group's electricity is now renewably sourced\*1, and we expect this shift to reduce our annual CO<sub>2</sub> emissions by more than 3,000 tons\*2.

The primary satellite control center “Yokohama Satellite Control Center” and the back-up station “Space Port East” are both important ground facilities that support the basis of our group's satellite communications business and provides the satellite control, spectrum monitoring, and teleport operation functions, all operating 24/7. Going forward, SKY Perfect JSAT Group will continue to work to accelerate our efforts towards realization of decarbonized society by converting electric powers for the remaining facilities to renewable energy and

achieve renewable energy consumption ratio of over 80% by the end of fiscal year 2022 and 100% by the year 2030.



**Primary Satellite Control Center – Yokohama Satellite Control Center:**  
Numerous parabolic antennas pointing to satellites from 85E to 169E longitude. Large antennas over 4m in diameter total to 29\*3



**Back-up Station – Space Port East:**  
Located in Hitachi-Omiya City of Ibaraki Prefecture, it has a total of 64 antennas\*3

\*1 SKY Perfect JSAT Group's renewable energy consumption ratio is calculated based on the 2020 fiscal year's power usage.

\*2 The total CO<sub>2</sub> emissions (t-CO<sub>2</sub>/year) over the latest 12-month period (January to December 2021) of both facilities was 3,434 tons.

\*3 Number of antennas for each site as of January 2022.



For further information about our Group's sustainability initiatives, please follow this QR code link

## Disclosing Information Based on TCFD Recommendations

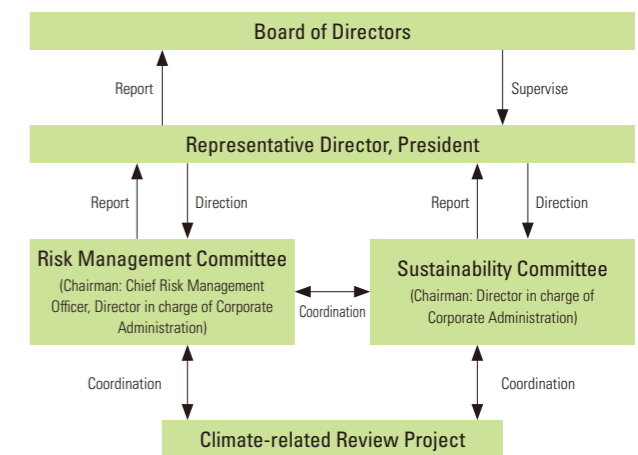
As part of our efforts to “limit global warming to well below 2 degrees Celsius compared to pre-industrial levels” as stipulated in the 2015 Paris Agreement, we have declared our support for the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), which were announced in June 2017. We will evaluate risks and opportunities based on scenario analyses of the

impact of climate change on our business, recognize the importance of impacts, and reflect them in our management measures. In addition, we will work to strengthen the resilience of our strategies, strengthen our relationships of trust with stakeholders, and endeavor to disclose information appropriately.

## Governance

The Company has established the “Climate-related Review Project,” a cross-functional organization headed by the General Manager of the Corporate Planning Division, to identify, assess, and discuss climate-related risks and opportunities in detail. The results of these deliberations are reported to and discussed by the Risk Management Committee, which is chaired by the Chief Risk Management Officer (Director in charge of Corporate Administration) appointed at the Board of Directors meeting. In addition, the Sustainability Committee, chaired by the Director in charge of Corporate Administration, also discusses initiatives related to climate-related issues. The Climate-related Review Project works with these two committees to raise issues related to climate-related issues, discuss strategies, and assess and manage climate-related risks, as necessary.

Moreover, the Director in charge of Corporate Administration, who is chaired by the two committees, regularly raises and reports on issues at meetings of the Board



of Directors, and supervision by the Board of Directors is appropriately implemented in the content examined in the Climate-related Review Project.

## Risk Management

To identify and evaluate climate-related risks and opportunities, we conduct scenario analyses, etc. in the Climate-related Review Project, and consider countermeasures for each risk and opportunity. In assessing the importance

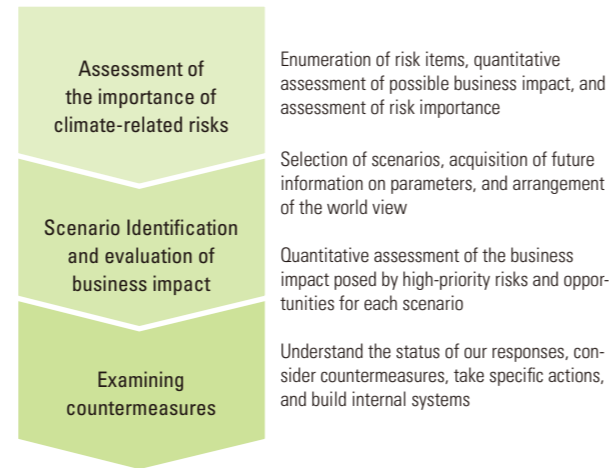
of risks and opportunities, members of Climate-related Review Projects discuss and evaluate them. The results of these reviews are reported to and discussed by the Risk Management Committee and the Sustainability Committee.



## Environment

### Strategies

We recognize the enormous impact of a 4°C rise in the global average temperature caused by climate change on society, and believe it is important to contribute together with moves aimed at curbing temperature increases to below 2°C. To meet our targets, less than 2°C, we assessed the impact of climate-related risks and opportunities on our operations, as well as our strategy. To this end, we conducted climate change scenario analyses, selected climate-related risks and opportunities, and assessed financial impacts for us, as recommended by TCFD. Our analyses cover the period until 2030.



### Implementing Scenario Analyses

For the results of our evaluations of the climate-related risks and opportunities under 2°C/ 4°C scenarios, please see the Company website:

<https://www.skyperfectjsat.space/sustainability/tcfd/>

As a result of quantitative and qualitative evaluations of the likelihood and timing of the materialization of risks, the

impact if they materialize, and the status of current countermeasures, none of these items were materially affected. Going forward, we will continue to conduct risk assessments to appropriately manage risks and consider business opportunities and other factors that can be obtained through the development of new businesses, which will lead to an increase in corporate value.

### Indicators and Targets

#### (a) Indicators and Targets of Climate Change

Indicators	Targets
GHG emissions (Scope 1, 2)	Short-term target: 1% reduction compared to the previous year * Major subsidiary, SKY Perfect JSAT Corporation (non-consolidated)
Renewable energy use ratio	100% by 2030 * SKY Perfect JSAT Group

#### (b) Trend of GHG Emissions (Unit: t-CO<sub>2</sub>)

Indicators	FY2019	FY2020	FY2021
Scope1	10	8	10
Scope2	12,672	11,415	10,218
Total	12,682	11,423	10,228

\* Major subsidiary, SKY Perfect JSAT Corporation (non-consolidated)

#### (c) Trend of Renewable Energy Use Ratio (Unit: %)

Indicators	FY2019	FY2020	FY2021
Renewable energy use ratio	—	—	Approx. 30%

\* SKY Perfect JSAT Group

## Society and human resources

### Successful careers of diverse human resources

The Company is advancing work style reform so that employees can raise children and provide nursing care, while maximally demonstrate their abilities at work. Furthermore, with the aim of achieving growth in Asia, we are also focusing our efforts on the development of globally competent human resources.

#### Returning to work after more than four years of childcare leave. Fostering team power as a leader

I joined the company in 2000 and have been involved in both marketing, which includes advertising and public relations, product composition, and customer relationship management, as well as business strategy and corporate planning in the Media Business. In the midst of my tenure, I stepped away from work for more than four years to take care of my two children after their births. While this was a long absence and I was nervous about reintegrating into the workplace, there were already many mothers actively working at SKY Perfect JSAT, and I felt comfortable working thanks to the understanding and cooperation of those around me. With regard to how I was involved in my work, I began to become more team-focused in comparison to the past, and my role gradually shifted towards that of a conductor. As a general manager, I began to think even more deeply about how to accentuate each employee's individual tone while still maintaining harmony with the whole to ensure that the result sounded beautiful to the audience. Even difficult issues can be overcome if your team is strong enough. Based on this conviction, I want to continue creating services that make customers go from "liking" them to "loving" them.



**Atsuko Chiba**  
General Manager,  
Customer Relations Division,  
Communication Group,  
Media Business Unit  
SKY Perfect JSAT Corporation

#### Aiming to streamline operations and balancing work and childcare

I joined the company in 2018 and have been working in a technical department where I design and develop services for users, as well as handle their operation. I took childcare leave for two months in 2022. During my childcare leave, I was able to handle everything but breastfeeding, which allowed my wife to go out for extended periods of time. I returned to my previous post after my leave of absence, and while I have to manage my time more than ever to balance work and childcare, I am also trying to improve my work efficiency by applying the experience I gained during my childcare leave.

Taking childcare leave would not have been possible without the understanding of my workplace and the support of my boss and coworkers. My boss was also kind enough to say that "Nemoto's leave of absence helped raise the level of the team, which was ultimately a plus." Someone who joined the company the same year I did also took about two months of childcare leave around the same time. I am truly grateful that I work in an environment that facilitates childcare leave. I am also currently involved in activities to promote sustainability throughout the company, and since returning from my childcare leave, I have changed my mindset toward this activity and believe it should be pursued for future generations. I will strive to ensure that the Company continues to be essential to society and grows in a sustainable manner going forward.



**Kazuya Nemoto**  
Network Solution Division\*,  
Space Engineering Group,  
Space Business Unit  
SKY Perfect JSAT Corporation  
\* From October,  
Engineering Strategy Div.,  
Space Engineering Group

#### Contributing to the elimination of the digital divide in Indonesia

After joining the company in 2014 as a local hire in Jakarta, I underwent one year of sales training at the head office. During my training, through visiting government clients and preparing for bids on government projects, I came to feel that we should focus more on sales for government projects in Indonesia as well. After returning to Jakarta, I worked for domestic sales in Indonesia. Afterwards, we made a sales pitch for JCSAT-1C to Teleglobal, a company that has extensive experience in providing telecommunications services to governments, which we met through a bid held by the Indonesian government. The company indicated strong interest in using JCSAT-1C in anticipation of robust demand, and it eventually became our anchor customer and gateway partner in Indonesia. The newly constructed gateway was completed last April and has started providing services to end users. As the majority of the demand in Indonesia is for mobile backhaul lines in remote areas, I realize that JCSAT-1C plays an important role in bridging digital divides in Indonesia. Through collaboration with Teleglobal and other efforts, I look forward to enhancing SKY Perfect JSAT's presence in Indonesia along with my colleagues at the Jakarta Representative Office.



**Doni Januar**  
Jakarta Representative Office,  
Asia Regional Headquarters,  
Global Business Unit,  
Space Business Unit  
SKY Perfect JSAT Corporation

# Society and human resources

Please view here for the details of the sustainability of the Group.



Key issue themes	Key issues (materiality)	Long term		Short term		
		Long-term goals (ideal state for 2030)		Short-term goals to achieve	KPI	Fiscal 2021 Results
Successful careers of diverse human resources	Human resources development	Aim to become a company in which all employees are active by making the most of their strengths	Target ratio of female employees in managerial positions as to the proportion of male and female employees	Improve engagement indicators from the previous year	Engagement indicators score	<ul style="list-style-type: none"> <li>Training for human resource development, work style, and career development</li> <li>Communication enhancement among executives and employees through 1-on-1, etc.</li> <li>Engagement survey started. Positive response rate: 64%</li> </ul>
	Diversity & inclusion			<ul style="list-style-type: none"> <li>Advance a comfortable work environment, training for intrinsic motivation, and change in employee awareness to proactively promote the empowerment of women</li> <li>Accelerate communication to provide information and promote understanding of diverse work styles</li> </ul>	Proportion of female managers (%)	<ul style="list-style-type: none"> <li>Training to promote diversity</li> <li>Discussions between female directors and female line managers</li> </ul>
					Employment rate of persons with disabilities (%) Rate of mid-career hires (%) Rate of reinstatement to work after female employees taking childcare leave of absence (%) Rate of male employees taking childcare leave of absence (%) Paid leave utilization (%)	<ul style="list-style-type: none"> <li>Personnel-related data (Disclosed in July 2022)  <a href="https://www.skyperfectjsat.space/en/sustainability/esg/social/">For details go to the website</a>  <a href="https://www.skyperfectjsat.space/en/sustainability/esg/social/">https://www.skyperfectjsat.space/en/sustainability/esg/social/</a></li> </ul>
Employee health promotion, creation of safe and secure working environment		Aim for 100% of employees to get statutory medical checkup in FY2022	Percentage of employees getting statutory medical checkup (%)	<ul style="list-style-type: none"> <li>Actions to identify and optimize the working conditions of employees</li> <li>Various health promotion programs</li> </ul>		
Development of regions and communities	Social contribution, such as next-generation education and development of local communities	Realize "Space for your Smile" through social contribution utilizing our own infrastructure	<ul style="list-style-type: none"> <li>Disclose examples of carrying out social contribution programs every year</li> <li>Drive new social contribution activities that support the development of local communities suitable for the Company, in addition to the Education Support Project for Southeast Asia, Classes regarding Space, and the Satellite Crayon Project</li> </ul>			<ul style="list-style-type: none"> <li>Education Support Project for Southeast Asia (in Cambodia, continuation of operating and giving donations to the SKY Perfect JSAT School)                      SDGs Newsletter &lt;Vol.1&gt;  <a href="https://www.skyperfectjsat.space/news/detail/sdgsnewslettervol1.html">For details go to the website</a>  <a href="https://www.skyperfectjsat.space/news/detail/sdgsnewslettervol1.html">https://www.skyperfectjsat.space/news/detail/sdgsnewslettervol1.html</a></li> <li>Satellite Crayon Project                      SDGs Newsletter &lt;Vol.2&gt;  <a href="https://www.skyperfectjsat.space/news/detail/post_158.html">For details go to the website</a>  <a href="https://www.skyperfectjsat.space/news/detail/post_158.html">https://www.skyperfectjsat.space/news/detail/post_158.html</a></li> </ul>
						Establish a system to contribute to local communities in the event of a disaster at SKY PerfectTV/Tokyo Media Center and incorporation into BCP procedures

## Ensuring diversity and promoting the empowerment of women

In order to ensure diversity, we are aiming to build an organizational climate in which a variety of lifestyles and work styles are mutually respected regardless of nationality, gender, age. In addition to hiring new graduates, we are also implementing mid-career hiring to gain employees who can hit the ground running, and we are deploying and handling both of these types of employees in accordance with their aptitudes. When promoting managers, we fairly evaluate the abilities of individual

employees and handle them regardless of external differences such as gender and nationality, etc. and internal differences such as values, etc. Our goal is for the proportion of female managers to be equivalent to the overall proportion of female employees, and we are encouraging the intrinsic motivation of female employees to aim to become managers themselves, and working to change awareness among all of our executives and employees, particularly the men.

## Work-life balance

In order to enhance the productivity of each and every employee and promote the successful careers of human resources, SKY Perfect JSAT Corporation is expanding the telework working system to introduce it to all employees. In conjunction with the enhancement of work-life balance, we are encouraging the autonomy and self-motivation of employees and developing a workplace environment which can meet the needs of diverse work styles. In addition, we believe that running an organization utilizing diverse attributes and values leads to innovation creation and competitive advantages, so we are incorporating flexible workstyles, such as full flex systems, the relaxation of residential restrictions, and the introduction of a seat booking system needed due to the introduction of a free address approach in the head office, etc.

Furthermore, SKY Perfect JSAT Corporation has been creating an environment in which employees can fully demonstrate their abilities, balancing work and family while raising children and providing nursing care for some time, by expanding measures such as shortened working hours for childcare, subsidizing babysitting usage fees, and the holding of childcare seminars. In addition, we have been formulating General Business Operator Action Plans since 2011 in accordance with the Act on

Advancement of Measures to Support Raising Next-Generation Children, and have executed each of the measures. As a result, the first plan from 2011, the second plan from 2014, and the third plan from 2017 have all received the Kurumin certification. Currently, we have stipulated an action plan in a form which is integrated with the Act on Promotion of Women's Participation and Advancement in the Workplace and we are executing the measures. Due to these initiatives, the return rate from childcare leave is 100%. In addition, we are supporting a balance with participating in housework and childcare and nursing care regardless of gender, including men.



## Human resources development to unleash the strengths of individuals

SKY Perfect JSAT Corporation has established a policy on the development of human resources to "unleash and maximize the capabilities of each employee that will contribute to our services" and in order to draw out the individual strengths of managers and build up their management skills, we are continuously implementing training in diversity management and

communication for managers and measures to enhance their feedback and dialogue abilities. We are supporting individual employees by establishing opportunities for career development and a personal development support system, so that they can autonomously carry out their career development through sustained abilities development.

## Promotion of health-focused management

For our health-focused management policy formulated in September, SKY Perfect JSAT Corporation set the goals of "maintaining the physical and mental health of our employees, maximizing performance, and improving productivity" and established an occupational safety and health management structure, and we are promoting health maintenance activities by the Human Resource

Department and industrial health (industrial physicians and health nurses), strengthening line care (support from immediate managers and supervisors) by ascertaining and improving actual labor conditions, and advancing measures to enhance the health literacy of each individual employee. We are also endeavoring to maintain and enhance their mental health and physical health.

## Environmental education leading to the next generation

### Crayon of the Sea won the Grand Prize at Stationery General Election 2022

SKY Perfect JSAT Corporation has started the Satellite Crayon Project utilizing digital images, and Crayon of the Sea, which we commenced selling as the first phase of the project, has been attracting attention. For example, it won the Grand Prize from among a total of 100 products nominated in the Stationery General Election 2022 and it also won First Place in the SDGs Stationery category. Furthermore, it won the Award for Excellence in the Design category of the Stationery of the Year 2022.

Based on satellite images taken from space, color was extracted from actual seas at 12 locations around the world to produce Crayon of the Sea. We did not give names to the respective colors; we state the latitudes and longitudes

showing the places where the seas are. We want to convey the richness of the Earth's "colors" to more children. We want children to enjoy the "colors" of the actual Earth on their own terms. We want them to be interested in and like the Earth. The "Crayon of the Sea" was born with this thought in mind. Our policy is to donate a portion of the sales to the Republic of Kiribati, which is facing a crisis of rising sea levels, into be used as a natural disaster fund to respond to damage caused by climate change.



"Crayon of the Sea" official site

## Board of Directors (as of June 24, 2022)

### Directors



**Representative Director, President**  
Eiichi Yonekura

1981 Joined ITOCHU Corporation  
2009 Executive Officer, ITOCHU Corporation  
2011 Managing Executive Officer, ITOCHU Corporation President & CEO, ITOCHU International Inc.  
2014 Managing Executive Officer, President, Metals & Minerals Company, ITOCHU Corporation  
2014 Representative Director, Managing Executive Officer, ITOCHU Corporation  
2016 Representative Director, Senior Managing Executive Officer, ITOCHU Corporation  
2017 Senior Managing Executive Officer, ITOCHU Corporation  
2018 Advisory Member, ITOCHU Corporation  
2018 Representative Director, Senior Executive Vice President, SKY Perfect JSAT Holdings Inc.  
2018 Representative Director, Senior Executive Vice President, SKY Perfect JSAT Corporation  
2019 Representative Director, President, SKY Perfect JSAT Holdings Inc. (present)  
2019 Representative Director, President & Chief Executive Officer, SKY Perfect JSAT Corporation (present)



**Representative Director**  
Toru Fukuoka  
In charge of the Space Business

1980 Joined the Ministry of Posts and Telecommunications (currently Ministry of Internal Affairs and Communications)  
2009 Director-General of the Telecommunications Business Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications  
2010 Director-General of Postal Services Policy Department, Information and Communications Bureau, Ministry of Internal Affairs and Communications  
2012 Director-General of Policy Coordination (in charge of Public Relations and Policy Planning), Ministry of Internal Affairs and Communications  
2013 Director-General of Information and Communications Bureau, Ministry of Internal Affairs and Communications  
2014 Director-General of Minister's Secretariat, Ministry of Internal Affairs and Communications  
2015 Director-General of Telecommunications Bureau, Ministry of Internal Affairs and Communications  
2016 Vice-Minister for Policy Coordination (in charge of Postal and Communications), Ministry of Internal Affairs and Communications  
2017 Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd. President, The ITU Association of Japan  
2018 Board Director, SKY Perfect JSAT Holdings Inc.  
2019 Board Director, Senior Executive Vice President, SKY Perfect JSAT Corporation  
2019 Unit President of Corporate Planning & Strategy Unit, SKY Perfect JSAT Corporation  
2021 Unit President of Space Business Unit, SKY Perfect JSAT Corporation (present)  
2022 Representative Director, SKY Perfect JSAT Holdings Inc. (present)  
Representative Director, Senior Executive Vice President, SKY Perfect JSAT Corporation (present)



**Board Director**  
Masato Ogawa  
In charge of the Media Business

1988 Joined Japan Communications Satellite Company, Inc. (currently SKY Perfect JSAT Corporation)  
2014 Executive Officer, Deputy Group President of Corporate Planning & Strategy Group, SKY Perfect JSAT Corporation  
2015 Executive Officer, Group President of Corporate Planning & Strategy Group, Corporate Planning & Administration Unit, SKY Perfect JSAT Corporation  
2017 Director, Satellite Network Inc. (currently SKY Perfect JSAT Corporation)  
2017 Managing Executive Officer, Group President of Space & Satellite Business Group, Space & Satellite Business Unit, SKY Perfect JSAT Corporation  
2017 Director, ENROUTE CO., LTD.  
2018 Group President of Space & Satellite Business Group, Space Business Unit, SKY Perfect JSAT Corporation  
2019 Board Director, SKY Perfect JSAT Holdings Inc. (present)  
2019 Board Director, Senior Managing Executive Officer, Unit President of Media Business Unit, SKY Perfect JSAT Corporation (present)  
2020 Group President of Media Business Group, Media Business Unit, SKY Perfect JSAT Corporation  
2020 Outside Board Director, NIKKATSU CORPORATION (present)



**Board Director**  
Koichi Matsutani  
Chief Financial Officer  
In charge of Corporate Administration  
In charge of Internal Control  
Chief Information Management Officer  
Chief Risk Management Officer  
Chief Group Compliance Officer  
Chief Information Security Officer

1990 Joined Japan Communications Satellite Company, Inc. (currently SKY Perfect JSAT Corporation)  
2008 General Manager, Group Planning, Coordination Dept, Satellite Business Group, SKY Perfect JSAT Corporation  
2010 Managing Director, Data Network Center Corporation (currently SKY Perfect Customer-relations Corporation)  
2015 General Manager, IT Strategy Division, Business Strategy Department, Multichannel Pay TV Business Unit, SKY Perfect JSAT Corporation  
2017 Managing Director, SKY Perfect Customer-relations Corporation  
2018 General Manager, Business Strategy Division & Business Strategy Department, Media Business Unit, SKY Perfect JSAT Corporation  
2019 Executive Officer, SKY Perfect JSAT Corporation  
2019 General Manager, Planning & Administration Division, Media Business Unit, SKY Perfect JSAT Corporation  
2020 General Manager, Corporate Planning Division, Corporate Planning & Strategy Unit, SKY Perfect JSAT Corporation  
2021 Managing Executive Officer, Unit President, Corporate Administration Unit, SKY Perfect JSAT Corporation  
2021 Board Director, SKY Perfect JSAT Holdings Inc. (present)  
2021 Board Director, Managing Executive Officer, Unit President, Corporate Administration Unit, SKY Perfect JSAT Corporation (present)

### Outside Directors



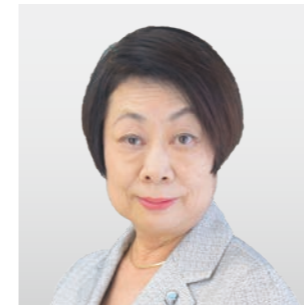
**Board Director (Non-Standing)**  
Iwao Nakatani  
Outside Director\*

1991 Professor, Hitotsubashi University  
1999 Member of the Board, Sony Corporation (currently Sony Group Corporation)  
2000 Chairman, the Board of Counselors, Sanwa Research Institute Corp. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.)  
2000 Director, JSAT Corporation (currently SKY Perfect JSAT Corporation)  
2000 Member of the Board, Askl Corporation  
2001 President, Tama University  
2003 Outside Director, WDI Corporation (present)  
2005 Outside Member of the Board, The Fuji Fire and Marine Insurance Co., Ltd. (currently AIG General Insurance Company, Ltd.)  
2007 Outside Board Director, SKY Perfect JSAT Holdings Inc. (present)  
2010 Chairman, Fushiki-an  
2018 Representative Director, Fushiki-an (present)



**Board Director (Non-Standing)**  
Hiroshi Fujiwara  
Outside Director\*

1977 Joined IBM Japan, Ltd.  
1977 Joined Hitachi Engineering Co., Ltd. (currently Hitachi Industry & Control Solutions, Ltd.)  
1985 Joined ASCII Corporation (currently KADOKAWA Corporation)  
1993 Board Director, ASCII Corporation (currently KADOKAWA Corporation)  
1996 President and CEO, Established Internet Research Institute, Inc. (present)  
2012 Chairman, President & Chief Executive Officer, BroadBand Tower, Inc. (present)  
2018 Outside Board Director, SKY Perfect JSAT Holdings Inc. (present)  
2018 Chairman, President & Chief Executive Officer, Japan CableCast Inc.  
2021 Representative Director Chairman, President & CEO, Japan CableCast Inc. (present)  
2021 President, SBI Graduate School (present)  
2021 Chairman and Executive Director, Nano OPT Media, Inc. (present)  
2022 Representative Director, Cheering Team for achieving Rural-Urban Digital Integration and Transformation across Japan (present)



**Board Director (Non-Standing)**  
Kimiko Ohga  
Outside Director\*

1977 Joined Nippon Telegraph and Telephone Public Corporation  
1991 Senior Manager, Marketing Division, Service Development Department, NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2004 Executive Manager, Customer Equipment Department, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION  
2005 Deputy General Manager, Tokyo Branch, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION  
2005 President (CEO), Representative member of the board, NTT EAST-TOKYOCHUO CORPORATION (currently NTT EAST-MINAMIKANTO CORPORATION)  
2007 Executive Vice President, Representative member of the board, NTT LEARNING SYSTEMS CORPORATION  
2013 Audit & Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION  
2019 Outside Board Director, SKY Perfect JSAT Holdings Inc. (present)  
2020 Outside Member of the Board (Audit & Supervisory Committee Member), BroadBand Tower, Inc. (present)  
2020 Outside Director Audit and Supervisory Committee, Tokyo Water Co., Ltd.  
2020 External Audit & Supervisory Board Member (part-time), ALCONIX CORPORATION (present)  
2021 Outside Audit & Supervisory Board Member, Electric Power Development Co., Ltd. (J-POWER)  
2022 Outside Member of the Board (Audit & Supervisory Committee Member), Electric Power Development Co., Ltd. (J-POWER) (present)



**Board Director (Non-Standing)**  
Kenji Shimizu  
Outside Director

1983 Joined Fuji Television Network, Inc. (currently Fuji Media Holdings, Inc.)  
2004 General Manager, Program Development Dept., Program Acquisition & Development Group, SKY Perfect Communications Inc. (currently SKY Perfect JSAT Corporation)  
2012 General Manager, Media Development Department, Fuji Television Network, Inc.  
2013 General Manager, Business Development & Enterprises Department, Fuji Television Network, Inc.  
2014 Executive Managing Officer and General Manager, Business Development & Enterprises Department, Fuji Television Network, Inc. Outside Director, Toei Animation Co., Ltd. (present)  
2014 Outside Director, ITOCHU FUJI Partners, Inc. (present)  
2017 Senior Executive Managing Officer, Fuji Media Holdings, Inc.  
2017 Senior Executive Managing Officer and General Manager, Corporate Planning Department, Fuji Television Network, Inc.  
2019 Executive Managing Director, Fuji Media Holdings, Inc.  
2019 Executive Managing Director, Fuji Television Network, Inc.  
2020 Outside Director, Nihon Eiga Broadcasting Corp. (present)  
2021 Outside Board Director, SKY Perfect JSAT Holdings Inc. (present)  
2021 Audit & Supervisory Board Member, Fuji Satellite Broadcasting, Inc. (present)  
2021 Outside Director, Nippon Broadcasting System, Inc. (present)  
2021 Outside Board Director, WOWOW INC. (present)  
2021 Senior Executive Managing Director, Fuji Television Network, Inc.  
2021 Outside Board Director, Space Shower Networks Inc. (present)  
2022 Board Director, Senior Managing Executive Officer, Fuji Media Holdings, Inc. (present)



**Board Director (Non-Standing)**  
Hiroyuki Oho  
Outside Director

1985 Joined Nippon Television Network Corporation (currently Nippon Television Holdings, Inc.)  
2014 President, Cyber Business Strategy, Nippon Television Network Corporation  
2014 Chairman, HJ Holdings LLC (currently HJ Holdings, Inc.)  
2016 President, HJ Holdings LLC  
2017 President, HJ Holdings, Inc.  
2018 Operating Officer, ICT Strategy, Nippon Television Network Corporation  
2019 Operating Officer, Nippon Television Network Corporation  
2021 Senior Operating Officer, Nippon Television Holdings, Inc. (present)  
2022 Board Director, Managing Officer, Nippon Television Network Corporation (present)  
2022 Outside Director, HJ Holdings, Inc. (present)

### Corporate Auditors

Atsuhiko Ohe  
Akira Ogawa (Outside Corporate Auditor)\*

### Corporate Auditors (Non-Standing)

Tsutomu Takahashi (Outside Corporate Auditor)\*  
Jun Otomo (Outside Corporate Auditor)

\* Registered with the Tokyo Stock Exchange as Independent Directors based on the Company's criteria for judging independence

## Corporate Governance

The SKY Perfect JSAT Group strives to maintain highly transparent corporate governance systems that are able to quickly meet the demands of a changing business environment. One of the Company's materiality themes established in April 2021 is "Developing a strong base for management." The Company will pursue rigorous corporate ethics based on even more transparent legal compliance and the ongoing reinforcement of our risk management system.

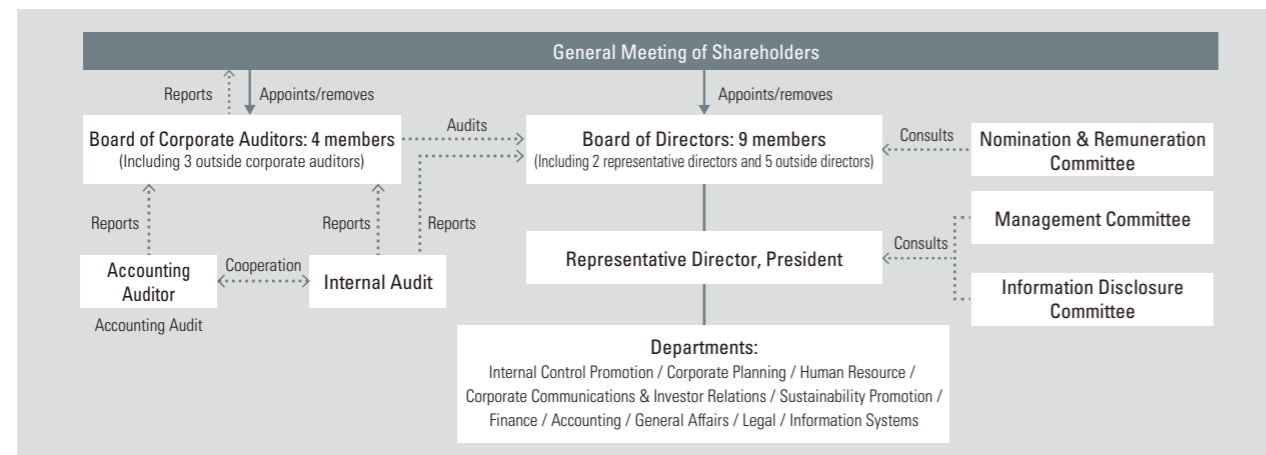
### Our Basic Philosophy on Corporate Governance

As a publicly traded company, we believe maximizing the Group's corporate value in the capital market is the fundamental goal of corporate governance. To this end, we consider it one of the most significant management issues to establish a good relationship with stakeholders surrounding the Group consisting of our shareholders and customers who use our services, as well as business partners, employees, and communities, along with making prompt management decisions in a changing social and economic environment and further enhancing the soundness of management, while bearing in mind the importance of corporate ethics based on compliance with laws and regulations. Based on such philosophies, as a corporate group that provides highly public services mainly in the media and space

businesses, we have been making efforts to ensure and enhance the transparency and soundness of management since our establishment in April 2007. Examples of those efforts include the appointment of multiple outside directors and the establishment of the Nomination & Remuneration Committee to act as an optional advisory body to the Board of Directors. In respect of the judgment criteria for the requirements for independent directors/auditors, we have formulated our own standards, effective fiscal 2015, and in fiscal 2020, the Company introduced a stock compensation system with restriction on transfer with the aim of providing an incentive to continuously improve its corporate value and further promoting value sharing with its shareholders.

The Governance Structure

(As of October 1, 2022)



As a foundation of the structure to ensure the efficient performance of the directors' duties, the Company holds Board of Directors meetings regularly, once a month in principle, and holds extraordinary meetings when necessary, to make decisions concerning important business operations for the Company and its Group companies. The directors also share information on material facts that occur in the Group companies to implement risk management in an appropriate and swift manner.

Along with clearly defining the duties of each director, the Company clarifies their roles in business execution by

the Organization Regulation and also appoints a responsible leader for each department and function. Through this system, the Company ensures that each duty is carried out in an appropriate and efficient manner. Meanwhile, the appointment of five outside directors who possess a wealth of expertise and experience in corporate management enriches discussions in the Board meetings with diverse viewpoints, and enhances the rationality and appropriateness of decision-making, thereby increasing the effectiveness of the Group's corporate governance system.

### Steps Taken to Strengthen Governance

Since our establishment in April 2007, the Company has worked on strengthening its corporate governance system, including the establishment of the optional Nomination & Remuneration Committee, the majority of whose members are outside directors and which is chaired by an independent outside director, and the introduction of a performance-based compensation system. Through these initiatives, the Company has developed systems for the Board of Directors to properly make important management decisions and supervise management, built an internal control system for the Board of Directors to ensure the proper delegation of authority, and operated systems which contribute to enhancing the functions and effectiveness of the Board of Directors.

Since Japan's Corporate Governance Code was released in June 2015, the Company has secured independent directors/auditors based on the criteria for judging independence

required by the Tokyo Stock Exchange. In 2016, the Company promoted measures to meet the requirements of the Code, including introduction of an effectiveness evaluation to enhance the functions of the Board of Directors, and commencement of provision of an English language notice of convocation, etc., and in recent years, it has promoted management from the perspective of the shareholders and a sound system for conducting business by introducing a stock compensation system with restriction on transfer. Furthermore, with the focus on ensuring diversity in the Board of Directors, we are appointing female directors/auditors and disclosing their skill matrices.

Going forward, we will continue to aim for sustained growth and to enhance corporate value and shareholder value by developing, further enhancing, and ensuring the effectiveness of the corporate governance system in the Group.

### Reasons for Adopting the Current Corporate Governance System

As a company with corporate auditors (the Board of Corporate Auditors), the Company ensures the enrichment of its monitoring and supervising functions and the transparency and soundness of its management by means of adequate utilization of the monitoring of corporate management by corporate auditors. In addition to having a corporate governance system centering on the monitoring of corporate management by corporate auditors, with the aim of increasing and enhancing the effectiveness of the supervision of management by the Board of Directors as well as the transparency

and soundness of management, the Company has appointed multiple highly independent outside directors and outside corporate auditors and has voluntarily established the Nomination & Remuneration Committee as an advisory body to the Board of Directors. The Nomination & Remuneration Committee, the majority of whose members are independent outside directors and which is chaired by an independent outside director, conducts independent reports concerning the nomination of directors and corporate auditors and the determination of remuneration.

### Policy on Constructive Dialog with Stakeholders, Including Shareholders

In pursuing sustainable growth of the Company and raising the corporate value over the medium- to long-term, directors, namely the Representative Director, President and Chief Financial Officer have constructive dialogues with shareholders and investors within a reasonable scope with the support of the Corporate Communications & Investor Relations Department. The Corporate Communications & Investor Relations Department, which regularly shares information with the management and related departments, prepares presentation materials for quarterly Earnings Results Briefings and releases information about the Company. Presentation materials and online archives of Earning Results Briefings are available at the Company's website. The Company releases its business forecasts for each fiscal year as a means of disclosing information to make optimal management decisions quickly and flexibly in a rapidly changing management environment, as well as to enable shareholders and investors to correctly understand the Company's management strategies and financial

conditions. Although the Company does not currently disclose the medium-term management plan, it actively discusses management policies and strategies, including the medium-term management plan, at Board of Directors' meetings and through officer intensive discussions involving outside directors, outside corporate auditors, and officers of Group companies. The Company thereby checks and analyzes the status of such management policies and strategies and reviews plans and policies as necessary.

On a quarterly basis, the Chief Financial Officer reports to the Board of Directors the opinions and concerns of our shareholders and investors obtained through dialogues in the report concerning investor trends and IR activities. We strive for management that respects the viewpoints of stakeholders, including our shareholders. Furthermore, the Company has established Information Disclosure Regulations, Insider Trading Control Regulations and Disclosure Policy, and endeavors to have dialogues with stakeholders and release information without duplicity or prejudice.

### Evaluation and Analysis of the Board of Directors

The Company's Board of Directors used an external organization to conduct a survey in February 2022. The survey targeted all eleven directors and all four corporate auditors, and covered composition of the Board of Directors, its operational status, deliberative details, and management issues, among other topics. The results of the survey were reported at Board of Directors' meetings held in April 2022, where they were analyzed and assessed, and measures to respond to issues were considered and deliberated upon.

Regarding the results of the evaluation, it was reported that each of the six full-time directors and five part-time directors

(including three independent outside directors and two outside directors) provided effective opinions and conducted high-quality discussions based on their individual expertise and experiences, and accordingly, the effectiveness of the Board of Directors was sufficiently ensured. Going forward, the Chairman and the secretariat of the Board of Directors will be central to issues such as having robust discussions on medium- to long-term management that is conscious of ESG and SDGs, promotion of DX, bolstering Group governance, and other topics, and they will undertake activities to make improvements.

# Corporate Governance

## System Ensuring and Supervising Sound Business Management

### Appointment of Independent Directors/Auditors

To protect general shareholders and enhance corporate governance, the Tokyo Stock Exchange, on which the Company is listed, requires that all listed domestic companies appoint at least one independent director/auditor. An independent director/auditor is an outside director or auditor who is unlikely to have any conflict of interest with general shareholders. In other words, an independent director/auditor is a person who participates in management from

a neutral and objective standpoint and who does not have any interests in the Company or the Group.

In accordance with this requirement, we have formulated our own judgment criteria for the independence of directors/auditors in addition to those stipulated by the Companies Act and the Tokyo Stock Exchange, and the Company currently has three independent directors and two independent auditors.

### The Skills matrix of Board Directors and Corporate Auditors

No.	Name	Title	Outside	Independent	Nomination & Remuneration Committee	Corporate management	Governance	Finance	Marketing Global	Innovation Technology
1	Eiichi Yonekura	Representative Director, President			●	●	●	●	●	
2	Toru Fukuoka	Board Director				●	●		●	
3	Masato Ogawa	Board Director				●	●		●	●
4	Koichi Matsutani	Board Director				●	●	●	●	●
5	Iwao Nakatani	Board Director (part time)	●	●	● (Chairperson)	●	●	●	●	
6	Hiroshi Fujiwara	Board Director (part time)	●	●	●	●	●			●
7	Kimiko Ohga	Board Director (part time)	●	●	●	●	●		●	
8	Kenji Shimizu	Board Director (part time)	●		●	●	●	●	●	
9	Hiroyuki Oho	Board Director (part time)	●			●	●		●	●
10	Akira Ogawa	Corporate Auditor	●	●			●	●		
11	Atsuhiko Ohe	Corporate Auditor					●	●		
12	Tsutomu Takahashi	Corporate Auditor (part time)	●	●			●	●	●	
13	Jun Otomo	Corporate Auditor (part time)	●			●	●		●	

### [Summary of skills]

Judgement criteria: Conformity to the Skills matrix is determined based on whether an individual possesses relevant work experience, expertise, and relevant qualifications, which we set as indicators to improve effectiveness and diversity of the Board of Directors.

1	Corporate management	Management strategies, leadership, corporate ethics, sustainability
2	Governance	Corporate governance, internal control, risk management, compliance and legal affairs
3	Finance	Finance, accounting, tax affairs, M&A
4	Marketing Global	Media Business, Space Business, international business and internationality, sales and business strategies (BtoC and BtoB)
5	Innovation Technology	New business, technology development, ICT, DX, cybersecurity, information security

### FY2021 Major Activities Conducted by Outside Directors

Position	Name	Major Activities
Board Director	Iwao Nakatani	Mr. Nakatani attended 16 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2022. With regard to business deliberation and other matters, he provided advice as necessary based on his high level of expertise in the field of economics and business management.
Board Director	Yoshinobu Kosugi	Mr. Kosugi attended 16 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2022. With regard to business deliberation and other matters, he provided advice as necessary based on his deep insight as a corporate manager and his abundance of experience and knowledge in the Media Business.
Board Director	Hiroshi Fujiwara	Mr. Fujiwara attended 16 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2022. With regard to business deliberation and other matters, he provided advice as necessary based on his deep insight as a corporate manager and his abundance of experience and knowledge in the field of information and communications.
Board Director	Kimiko Ohga	Ms. Ohga attended 16 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2022. With regard to business deliberation and other matters, she provided advice as necessary based on her deep insight as a corporate manager and her abundance of experience and knowledge in the communications industry.
Board Director	Kenji Shimizu	Mr. Shimizu attended 9 of the 11 Board of Directors meetings held since assuming office as outside director. With regard to business deliberation and other matters, he provided advice as necessary based on his deep insight as a corporate manager and his abundance of experience and knowledge in the Media Business.

### Corporate Auditors and Board of Corporate Auditors

The Company's Board of Corporate Auditors consists of four members (including two full-time), of whom three are outside auditors. Corporate auditors attend meetings of the Board of Directors and Management Committee, and other important meetings where they engage in active exchanges of ideas and opinions. Along with this they conduct investigations of departments and subsidiaries based on corporate auditors' annual audit plans, and also audit the business execution of directors. The Board of Corporate Auditors generally convenes meetings once a month; exchanges opinions with each director and core employees, as well as corporate

auditors at subsidiaries; shares with non-standing auditors the status of daily audits performed by full-time corporate auditors; and exhaustively conducts audits with a focus on critical audit items, such as the condition of maintenance of the Group's system of internal control based on the Companies Act and the Financial Instruments and Exchange Act, the Group's compliance structure, and the verification and flow of the status of response to top risks. Together with receiving audit reports from the external accounting auditor as necessary, the board receives reports from the Internal Audit Department on the status of internal audits.

### FY2021 Major Activities Conducted by Outside Auditors

Position	Name	Major Activities
Corporate Auditor	Akira Ogawa	Mr. Ogawa attended 16 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2022. Likewise, he attended 15 of the 15 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2022. With regard to business deliberation and other matters, he provided advice as necessary based on his abundance of experience and knowledge of business management in the field of international finance.
Corporate Auditor	Tsutomu Takahashi	Mr. Takahashi attended 15 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2022. Likewise, he attended 15 of the 15 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2022. With regard to business deliberation and other matters, he provided advice as necessary based on his high level of expertise in the field of accounting and abundance of audit experience.
Corporate Auditor	Jun Otomo	Mr. Otomo attended 16 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2022. Likewise, he attended 15 of the 15 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2022. With regard to business deliberation and other matters, he provided advice as necessary based on his wide range of insight regarding the Media Business.

## Corporate Governance

### A remuneration system which further promotes the sharing of value with the shareholders

The remuneration of the Company's officers is comprised of fixed remuneration, performance-based remuneration, and stock compensation. The policies for determining their pay ratios are decided by giving consideration to the provision of appropriate incentives for improving business performance for each fiscal year and increasing medium-to long-term corporate value and after receiving the findings of the Nomination & Remuneration Committee.

Outside directors are paid fixed remuneration only in light of their responsibilities and from the perspective of emphasizing autonomy. The Board of Directors decides on their remuneration policy after receiving the findings of the Nomination & Remuneration Committee in order to ensure the objectivity of the policy and the systems and operations for distributing remuneration. The Nomination & Remuneration Committee then decides on the fixed remuneration and performance-based remuneration amounts to be paid to individual directors. The amount of annual payment that serves as the basis for the number of shares with restriction on transfer to be allotted will be determined by a resolution of the Board of Directors within the remuneration limit. The majority of directors appointed as members of the Nomination & Remuneration Committee are outside directors, and the committee's chairperson is an independent outside director. This is to ensure objectivity and fairness in the decisions regarding remuneration. In order to raise awareness of improving the Company's performance in each fiscal year, the Company sets consolidated net profit and segment profit as the performance indicator targets for a single fiscal year. An amount calculated in accordance with the degree of achievement of the targets set for each officer is paid as performance-based remuneration at a certain time each year. Consolidated net profit and segment profit were selected as performance indicators as they enable a comprehensive judgment of the degree of contribution to the short-, medium- and

long-term performance of the Company, and are objective and quantitative evaluation indicators that apply to all officers and employees.

The amount of performance-based remuneration is computed each fiscal year by multiplying the quantitative evaluation portion, which is calculated by multiplying the amount of position-specific remuneration by a certain coefficient in accordance with the achievement of business results, by a certain adjustment coefficient determined by the Nomination & Remuneration Committee in order to adjust and take into account variable factors such as special factors and unforeseen matters. The coefficient for the quantitative evaluation portion (a certain coefficient to be multiplied with the amount of performance-based remuneration specific to the position) is determined by the Nomination & Remuneration Committee in accordance with the degree of achievement of the targets set for each officer, where consolidated net profit and segment profit are used as performance indicator targets of a single fiscal year. In addition, in accordance with a resolution adopted at the 13th Annual General Meeting of Shareholders held on July 30, 2020, we have introduced a stock compensation system with the aim of providing directors with an incentive to continuously improve our corporate value and further promoting value sharing with our shareholders.

The Company will use common stock to allocate shares with restriction on transfer to the eligible parties once a year by a resolution of the Board of Directors. The stock compensation to be provided will be shares with restriction on transfer using common stock. The restriction on transfer will be lifted upon the retirement of the officer in principle. The monetary remuneration to be paid for the grant of shares with restriction on transfer will not exceed ¥60 million per year, and the total number of shares of the Company's common stock to be issued or disposed of will not exceed 260,000 shares per year.

#### Remuneration of Directors and Auditors

	Total Remuneration (¥ millions)	Total Remuneration by Type (¥ millions)			Number of Eligible Recipients
		Basic salary	Performance-based	Share-based payment	
Directors (Excluding Outside Directors)	96	35	25	36	6
Corporate Auditors (Excluding Outside Corporate Auditors)	17	17	—	—	1
Outside Directors	45	45	—	—	6
Outside Corporate Auditors	42	42	—	—	4

### Status of Compliance, Risk Management, and Information Management Systems

#### Group Compliance Committee and Group Compliance Helpline

To ensure that business execution of the Company's directors and employees comply with relevant laws and regulations, the Articles of Incorporation, and various internal regulations, the Company has established a Group Compliance Committee and its Secretariat, the Compliance Promotion Office. The Committee appoints a Chief Group Compliance Officer who acts as the chairperson of the Committee.

The Committee chairperson submits issues on compliance program matters and facts regarding compliance to the Committee for deliberation, as well as reports deliberation results to the Board of Directors as necessary. The Compliance Promotion Office maintains and manages company-wide compliance programs, and provides education and training related to compliance programs to directors and employees. The content of education and training includes information on insider trading, embezzlement,

breach of trust, leakage of confidential information, corruption, receipt of subsidies and other public funds, and harassment.

Moreover, the Company has put into place an internal and external Group Compliance Helpline system, under which those who discover that the Company's business activities or practices carried out by employees, executives, or members of the Board of Directors might be illegal can report them immediately or consult with the Helpline staff. Moreover, if there is a consultation or report for which involvement of full-time Board Directors of the Company or Board Directors or Executive Officers of the Group companies is suspected, it can be forwarded directly over to the Company's full-time Corporate Auditors through the external Group Compliance Helpline, bypassing the Compliance Promotion Office and the Chief Group Compliance Officer.

#### Risk Management Committee

To recognize and evaluate risks related to business execution comprehensively and conduct appropriate risk management, the Company has established risk management regulations. To ensure the effectiveness of the regulations, the Company has established a Risk Management Committee, which is chaired by the Chief Risk Management Officer. The Committee determines risk management policies, evaluates risks, and examines risk prevention measures. At the

same time, the Committee is responsible for strengthening the overall risk management system through the study of individual events. The range of risks to be assessed includes misconduct, fraud, and crime by officers and employees, and corruption, such as entertainment and gift-giving to public officials, etc. The Chief Risk Management Officer reports to the Board of Directors on the status of risk management and other matters as necessary.

#### The Information Security Management Committee, the Personal Information Management Committee, and Information Security System

Alongside the establishment of a Security Policy to maintain information security and a Privacy Policy to protect personal information, the Company has established an Information Security Management Committee and a Personal Information Management Committee, both chaired by the Chief Information Management Officer, to ensure an appropriate and effective management structure in each area. We have also placed a person responsible for information security management at each of the Group companies and implemented thorough information management training for all Group employees, executives, and contractors.

There has been an increase in recent years in cyberattacks on information systems, including targeted attacks

through the introduction of malware and unauthorized access through the Internet. Moreover, the Company is now promoting work from home due to the spread of COVID-19. Against these backdrops, the Group has established a Computer Security Incident Response Team (CSIRT) as part of a system designed not only to strengthen security for websites providing Intranet systems and services, but also to limit the spread of damage from any such attack.

Furthermore, in response to the diversification of cyberattacks and the increase in cybersecurity risks due to DX promotion, etc., we have appointed a Chief Information Security Officer (CISO) to implement and strengthen cybersecurity measures.

#### Materiality and KPIs for Governance

Key issue themes	Key issues (materiality)	Long term	Short term	KPIs/Results
		Long-term goals (ideal state for 2030)	Short-term goals to achieve	Fiscal 2021 Results
Developing a strong base for management	Enhancement of corporate governance	Strengthen the management and supervisory functions of the Board of Directors and constantly pursue a diverse and effective system	<ul style="list-style-type: none"> <li>Comply with the revised Corporate Governance Code</li> <li>Reduce the number of major compliance violations to zero annually</li> </ul>	<ul style="list-style-type: none"> <li>Developing governance structure to meet the standards required by the prime market.</li> <li>Maintaining a stable and effective system based on the internal control system.</li> <li>Number of serious violations: 0</li> </ul>
	Proactive and responsible corporate communications and dialogues with stakeholders	Become a company that continues to be properly valued by stakeholders by enhancing its disclosure content	Enhance the content of disclosure and disclose the results of dialogues and details of dialogues by stakeholder each year	<ul style="list-style-type: none"> <li>Activating dialogue with stakeholders, including institutional investors and financial institutions. The number of dialogues increased from FY2021.</li> <li>Improving convenience of communication tools with stakeholders, such as enhancing information on the sustainability page on our website.</li> </ul>
	Information security and personal information protection	Regarding information security and personal information protection, maintain zero serious violations and information leaks	Renew ISMS and P-Mark certification and maintain an effective management system Maintain and strengthen internal systems based on the Cybersecurity Management Guidelines	<ul style="list-style-type: none"> <li>Maintaining ISMS and P-Mark certification.</li> <li>Continuous awareness activities</li> <li>Related rules were developed to strengthen cybersecurity roles, responsibilities, and organizational structure in the Group.</li> <li>Continuous awareness activities</li> </ul>

## Outside Officers' Dialogue



SKY Perfect JSAT Holdings recently formulated a business strategy targeting the year 2030, which by extension, plots a course of action for the Company. We facilitated a meeting between Outside Director Kimiko Ohga and Outside Corporate Auditor Tsutomu Takahashi in order to hear their views as outside officers regarding the process for discussing medium- to long-term policies and their approach to generating medium- to long-term growth under the Group's mission "Space for your Smile."

### The external environment surrounding the Group and the role of outside officers

**Ohga** | The world is enduring tumultuous times, as seen by the COVID-19 pandemic since 2020 and then Russia's invasion of Ukraine this year. There have also been some significant changes in the external environment affecting the Group's business—most notably, the intensification of competition with new rivals. Given this situation, I recognize that we too must continue to change.

**Takahashi** | The direction the Group must take going forward with a view to 2030 was recently unveiled in line with the Group's mission of Space for your Smile. During the discussions that took place to settle upon that direction, I got the feeling that there were not enough bold proposals geared towards conveying innovation, perhaps because the Company has a lot of employees, including executive officers, with first-rate capabilities to efficiently execute operations as they now stand. What we currently need are discussions focused on instigating major changes that suitably reflect these turbulent times. I believe our current role, as outside officers, is to do away with the pre-established harmony and assist the Group's transformation.

**Ohga** | Looking back on the Group's history, it has hitherto made considerable changes to its business mechanisms, mainly by way of corporate mergers and the launch of new business units. More recently, the Company has invested in a few projects and launched some new services, but its business transformation has been inadequate in terms of keeping up with today's changes in the business environment. I'm concerned that maybe the Company has become a bit too conservative. I'm also worried that this will have an impact on the Company's sustainability initiatives, such as diversity and carbon neutrality.

On several occasions at the companies where I previously worked, I experienced several large-scale corporate,

organizational, and business restructuring events aimed at addressing changes in technological innovation and the operating environment. This is why I must continually advocate the importance of implementing bold changes.

**Takahashi** | The shape of our participation in the Company is mostly in the form of discussions at Board meetings and other official meetings. The agenda items for such meetings are followed properly and the emphasis is always on reaching a conclusion to each proposal.

However, at present, I get the feeling that progressive views from outside the Company, such as ours, are probably needed during times of real debate before agenda items are put in order and during substantive discussions that explore what actions the Company ought to take going forward.

### Your impressions as an outside officer in FY2021

**Ohga** | I participated in discussions about the Company's 2030 vision on numerous occasions, mainly at the meetings of the Board of Directors. Each of the outside officers shared their sense of crisis from an external point of view, but nobody has a greater sense of crisis concerning the current circumstances than President Yonekura himself, which is something I keenly felt during those discussions.

**Takahashi** | The Group is currently generating profits and is unlikely to fall into the red anytime soon. That might be dampening the willingness of employees to embrace change. Nevertheless, the reality is that the flood of new non-satellite video content services are a threat to the Group's Media Business. The time has come to realize that the kind of business model employed thus far stands no chance against these rival services; therefore, a new approach must be sounded out.

**Ohga** | A shakeup is urgently needed in the Media Business, which is why I want to see even deeper collaboration with the

internet business. On the other hand, technological advancements and the needs of the times present a favorable opportunity to expand the Space Business, but I feel that the Company's market approach is not progressing fast enough. Despite being one of only a handful of companies with a track record in operating satellites in not just Japan but worldwide, I think there is room for improvement regarding the Company's market messaging and concrete plans on how it intends to utilize such capabilities in actual business.

Also, from the perspective of business characteristics, I think the various discussions about diversity need to go much deeper. I'd like to see the Company more thoroughly discuss the creation of environments in which both men and women can play active roles, whether it be in the Company when working or at home when doing housework or raising children.

**Takahashi** | There are many outstanding issues around diversity for the Company to tackle, but at the same time, in corporate governance topics, which were appropriately addressed, no particular issue has been raised. The fact that the Company is taking action earnestly and appropriately with regard to matters of governance is, in my opinion, highly commendable.

### Discussions required in FY2022

**Takahashi** | I think in fiscal 2022, the Company will require a more specific road map in order to achieve its mission.

**Ohga** | If anything, the Group's mission of Space for your Smile has been put together based on an approach of responding to trends in society. While that approach too is certainly important, the Group must make doubly sure of where its true strengths lie. It is concerning that during the various meetings I have attended, discussion topics concerning the frontlines and where things are happening have been few and far between. Information about the Company's genuine strengths might be found in places where employees are engaged in business on a daily basis and have plenty of opportunities to take onboard feedback directly from customers. I'm hoping the Company can incorporate this kind of viewpoint and delve deeper into detailed discussions with the aim of achieving its mission.

**Takahashi** | For that to happen, working discussions are needed. Considering that the discussions of the Board of Directors—which revolve around agenda item reporting—tend not to go into a lot of detail, I think the management team ought to engage in more clamorous and outspoken discussions in informal settings, which we as outside officers should also be a part of.

**Ohga** | The environment is a topic of discussion that will become increasingly important in fiscal 2022. The Group's Scope 1 (direct emissions from fuel combustion, etc.) greenhouse gas emissions are not as high as the energy or steel industries, but together with Scope 2 emissions (indirect emissions from electricity consumption, etc.), we need to draw up tangible steps for reducing them.

At the same time, in the Space Business, there are numerous contributions we can make to minimize our impact on the environment; for instance, various earth observation satellites, cleaning up space debris, and utilizing space data centers. The market has high expectations on us to further examine where

we can make a difference at the earliest possible time.

### Makeup of directors and executive officers

**Ohga** | In recent years, companies have been urged to use a skills matrix to demonstrate what kind of qualifications each member brings to their Board of Directors. In most cases, the matrix shows that the desired skills are corporate management, finance, and legal affairs. From the perspective of these desired skills, the Company faces the challenge of having few experts in the Space Business, even though it has plenty of experts and persons with experience in the Media Business. If the Company is to pursue both the Media and Space businesses in equal measure, I think there is an urgent need for it to consider reinforcing its director ranks, including those from outside the Company, by appointing candidates with space industry knowledge.

**Takahashi** | If the Group is to undertake reforms on the issues discussed thus far, it is obvious from that perspective that it must hire people with entirely new ideas and from different industries and backgrounds. Not all can be appointed to the Board or hired as a corporate auditor because those numbers are limited, but personnel with wide-ranging skills and perspectives, including women and foreigners, should be recruited and a mechanism set up so that their opinions can be heard. I would also add that in taking the Company's future into consideration, I think our generation is getting too long in the tooth. I think more effort is probably needed to incorporate the younger generation into our discussions.

### Expectations for SKY Perfect JSAT's future

**Takahashi** | The harsh opinions I have given thus far are premised on the fact that the Group has the potential to be an extremely appealing company that is instrumental to society in the future. From that point of view and at the risk of repeating myself, I certainly want to see the Company further strengthen its commitment to the Space Business. When doing so, how it creates businesses that are not simply extensions of what it is doing now will be key. I expect there will be a wide array of possibilities that are yet to take shape, for example, in the areas of earthquake-related disaster prevention or environmental monitoring.

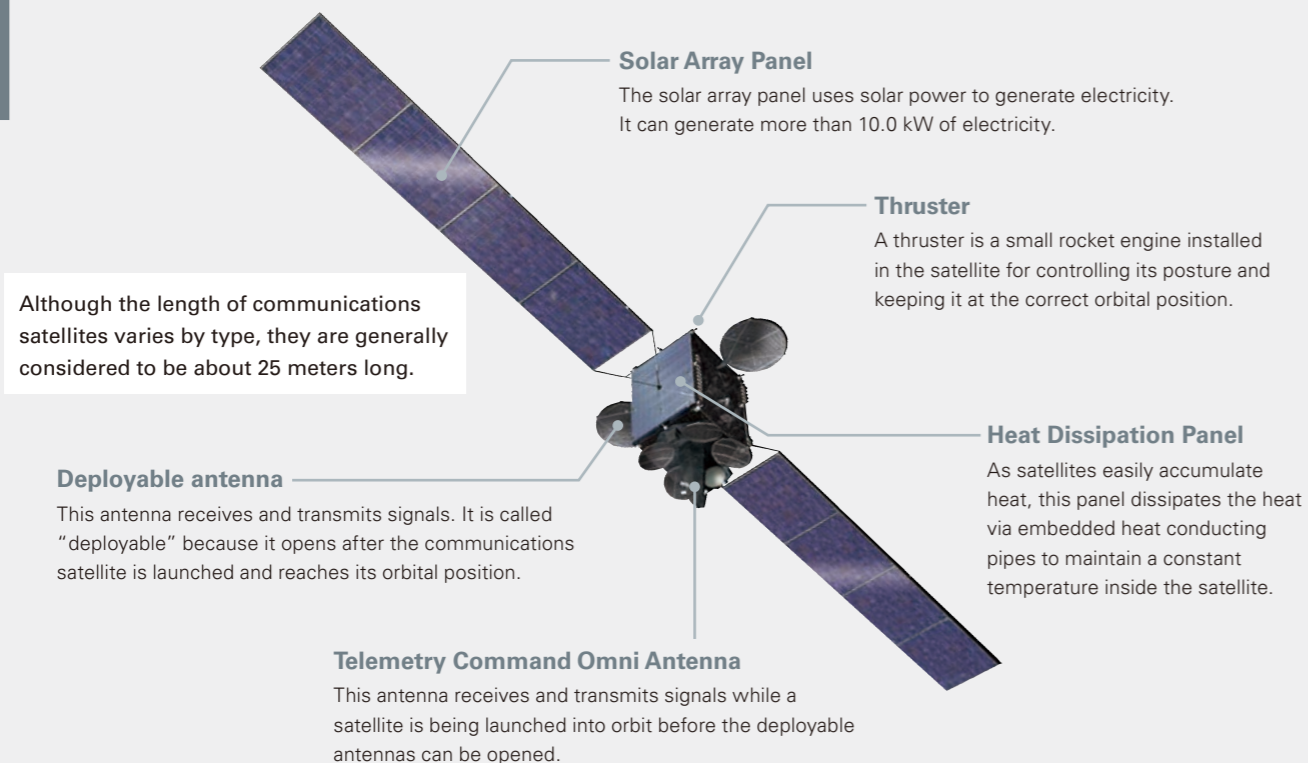
**Ohga** | In light of the geopolitical situation of late, I would like to see the Company be more aware of global developments mainly in Southeast Asia and Oceania. This goes for both the Space and Media businesses. Rather than not doing anything at all because we are in no position to do so, we should be challenging ourselves by identifying what requirements need to be satisfied in order to be in a position of readiness.

**Takahashi** | In that sense, the wording of the Group's mission, Space for your Smile, is a wonderful expression of the future. I hope the Company can live up to this mission and we will gladly support to help make that happen.

**Ohga** | As I already mentioned, the Group will struggle to make rapid progress by rolling out improved versions of its existing services. I believe it needs to undertake a major transformation. As an outside director, I will do my utmost to help the Group realize the Space for your Smile mission in a future beyond that transformation.

# Satellite Basics

## Communications satellite's main components



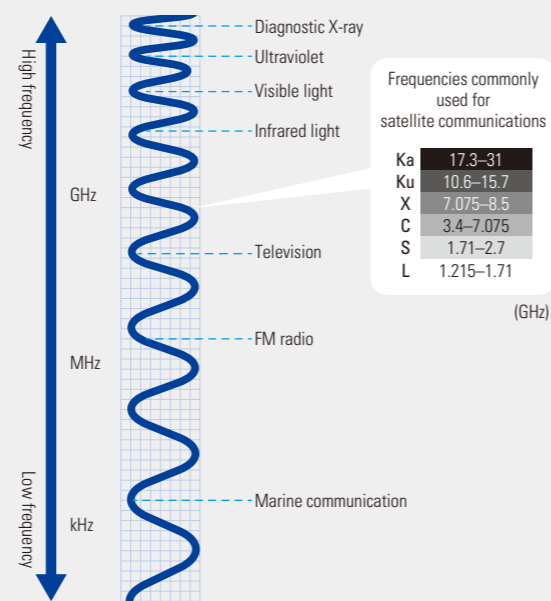
Data Section

## Types of radio frequencies used by communications satellites

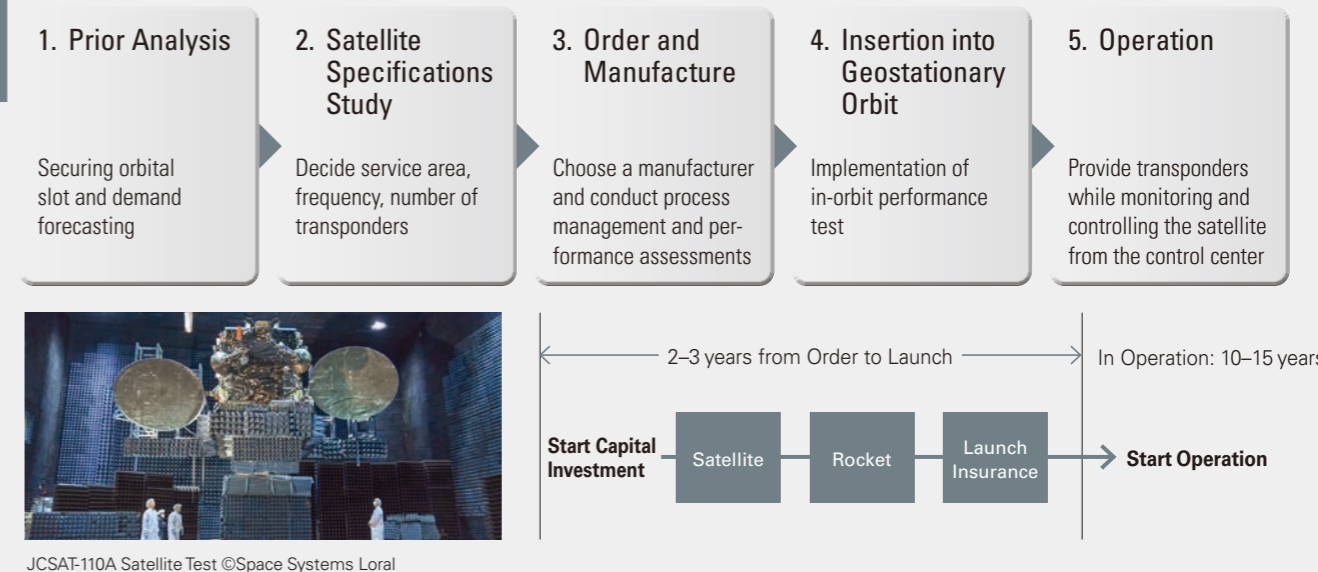
The signals used generally in Japan for satellite communications are called Ku band and C band.

C band (frequency range 3.4-7.075GHz: uses a frequency range of 3.4-4.2GHz for downlink and 5.8-6.7GHz for uplink) has been widely used ever since satellite communications started because it is less affected by rain. However, it requires a large antenna to catch the signals because the frequencies are low. On the other hand, since Ku band (frequency range 10.6-15.7GHz: uses a frequency range of 12.25-12.75GHz for downlink and 14.0-14.5 GHz for uplink) can be received even with a small antenna, it suits SKY PerfectTV's broadcasts and domestic communications. The signals can be certainly received with a small antenna, but they are weakened when they collide with waterdrops in the air and are sometimes adversely affected during heavy rains and other weather conditions. In recent years, the use of Ka band (frequency range: 17.3-31GHz) has started to spread for large-capacity communications because this band is widely allocated for satellite communications.

Apart from these, X band (frequency range 7.075-8.5GHz) is used mainly for military communications and weather and earth observation satellites.



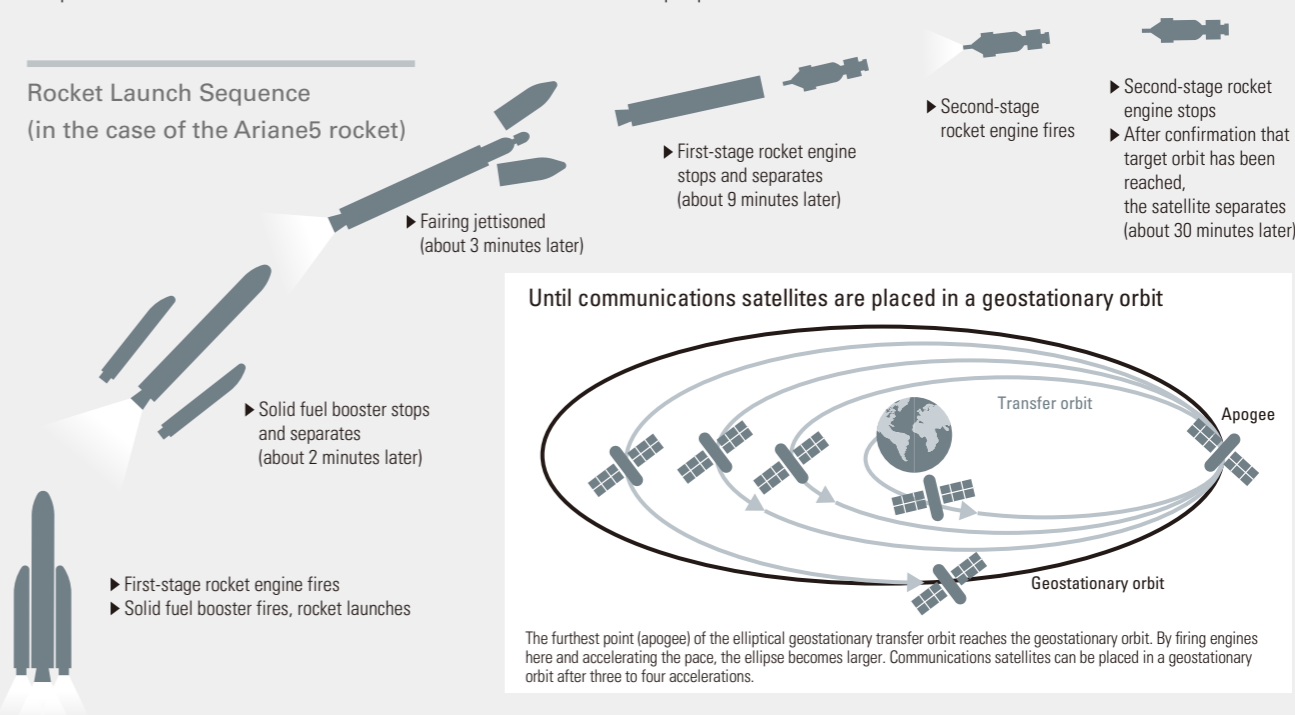
## From Satellite Procurement to Operation



## The Cost of Procuring and Launching a Satellite is Between ¥20.0 billion and ¥30.0 billion and the Depreciation Period is generally 15 years.

The process of launching a communications satellite begins with forecasting demand in the coverage area and acquiring an orbital position. Satellite specifications are then discussed, an order is placed with the manufacturer, and the satellite is manufactured. After that, a launch service is selected, and the satellite is launched into a geostationary orbit about 36,000 km above the equator after a preparation stage lasting two to three years. The procurement and launch costs are capitalized at 20-30 billion yen per satellite. Then, depreciation is calculated for its life period of about 15 years. SKY Perfect JSAT Corporation also covers the satellite launches with insurance in preparation of launch failures.

### Rocket Launch Sequence (in the case of the Ariane5 rocket)



Who We Are

What We're Planning

How We're Doing

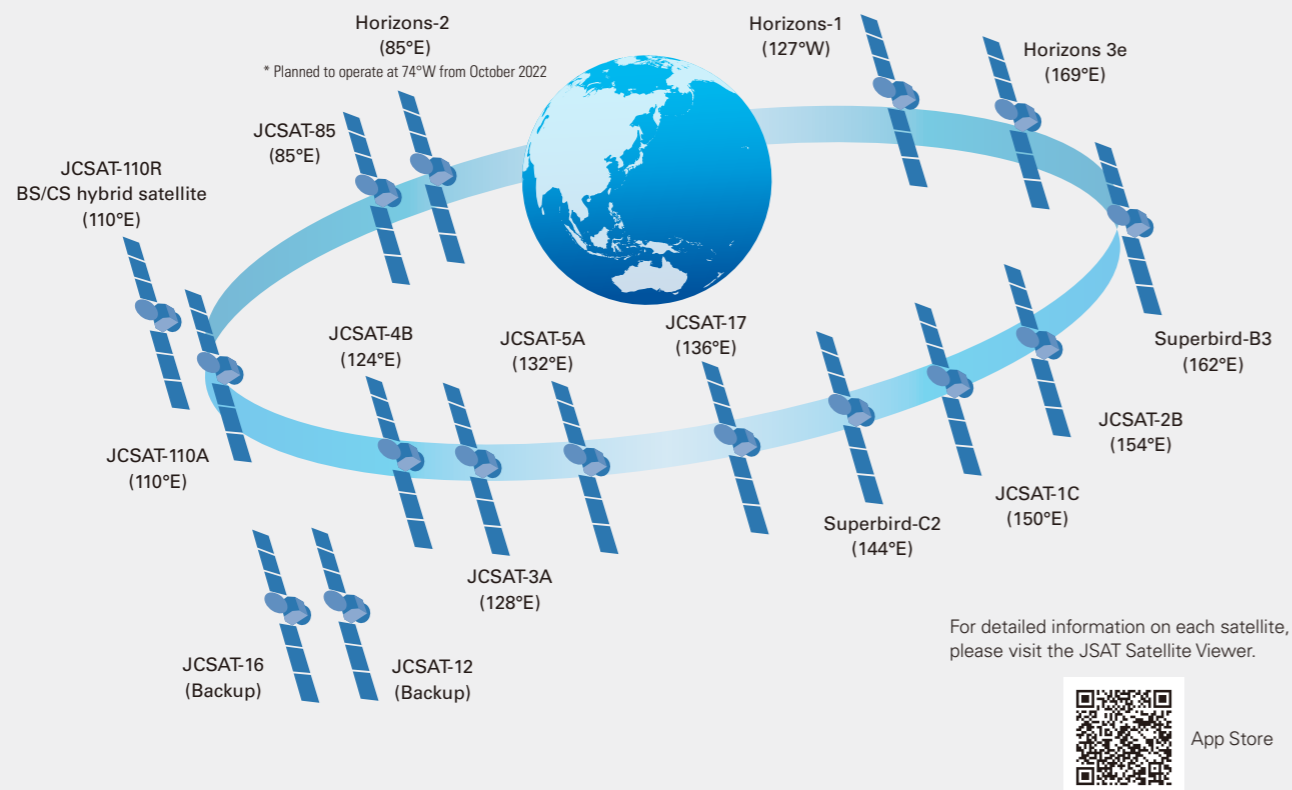
Governance

Data Section

Financial Section



## Satellite Fleet



### Our Satellite Fleet

	Used primarily for Broadcasting Service				Used primarily for Communications Service			
	JCSAT-110A	JCSAT-110R	JCSAT-4B	JCSAT-3A	JCSAT-5A	JCSAT-17	Superbird-C2	JCSAT-1C
Orbital position	110°E	110°E	124°E	128°E	132°E	136°E	144°E	150°E
Launch date (Japan time)	Dec. 22, 2016	Aug. 7, 2011	May 16, 2012	Aug. 12, 2006	Apr. 13, 2006	Feb. 19, 2020	Aug. 15, 2008	Dec. 17, 2019
Launch vehicle	Ariane 5	Ariane 5	Ariane 5	Ariane 5	Zenit-3SL	Ariane 5 ECA	Ariane 5	Falcon 9
Satellite bus	SSL1300	A2100A	A2100AX	A2100AX	A2100AX	LM2100	DS2000	Boeing702 [HTS]
Design life	15 years	15 years	15 years	15 years	12 years	15 years	15 years Over	15 years

	Used primarily for Communications Service				Backup satellite			
	JCSAT-2B	Superbird-B3	Horizons 3e	Horizons-1	Horizons-2	JCSAT-85	JCSAT-12	JCSAT-16
Orbital position	154°E	162°E	169°E	127°W	85°E	85°E	—	—
Launch date (Japan time)	May 6, 2016	Apr. 6, 2018	Sep. 26, 2018	Oct. 1, 2003	Dec. 22, 2007	Dec. 1, 2009	Aug. 22, 2009	Aug. 14, 2016
Launch vehicle	Falcon 9	Ariane 5	Ariane 5	Zenit-3SL	Ariane 5	Zenit-3SLB	Ariane 5	Falcon 9
Satellite bus	SSL1300	DS2000	Boeing702MP [HTS]	Boeing601HP	STAR-2	STAR-2	A2100AX	SSL1300
Design life	15 years	15 years Over	15 years	15 years Over	15 years	15 years	15 years	15 years

(As of August 31, 2022)

## Glossary

### 4K/8K (Ultra HD)

Ultra-high definition broadcasts have even higher resolutions than HD formats. 4K (displays with a width of 3,840 pixels and a height of 2,160 pixels) offers four times the resolution of HD broadcasts and 8K (displays with a width of 7,680 pixels and a height of 4,320 pixels) offers 16 times the resolution.

### 5G (5th Generation Mobile Communication System)

Fifth generation mobile communication system that has been attracting attention as next-generation networks. "High speed and large capacity," "high reliability and low latency," and "multi simultaneous connectivity" are its features. It was fully launched in Japan in 2020.

### Average Monthly Contractor's Payment

This is the average monthly subscription fee and other fees paid by each contractor.

### Backhaul

Backhaul refers to a relay line or network of a communication carriers that connects access lines at the end with the central core communications network (backbone line).

### BCP (Business Continuity Plan)

A business continuity plan refers to a plan that companies and other organizations follow in the face of an emergency, such as a natural disaster, major fire, or terrorist attack, in order to minimize damage to business assets and enable the continuation or early recovery of core business operations. It sets out the activities to be carried out under normal circumstances as well as the methods and procedures for continuing business operations in an emergency.

### BS (Broadcasting Satellite)

Broadcasting satellite is an artificial satellite in the geostationary orbit designed and built for broadcast services, providing BS broadcasts.

### Beyond 5G/6G

Beyond 5G/6G refers to the next generation of wireless and wired networks after 5G to be developed by the 2030s. In 2020, Japan launched a study of this generation of networks beyond 5G known as "Beyond 5G" under the leadership of the Ministry of Internal Affairs and Communications.

### CS (Communications Satellite)

Communications satellite is an artificial satellite in the geostationary orbit designed and built mainly for communications services. In Japan, these satellites, like broadcasting satellites, have been in use for broadcast services since 1992. The Group uses communications satellites, JCSAT-3A (128 degrees east), JCSAT-4B (124 degrees east) and JCSAT-110A/JCSAT-110R (110 degrees east), for broadcast services.

### CTV (Connected TV)

A television device linked to an internet connection via a streaming stick, game console, or other device.

### DTH (Direct To Home)

"Direct to home" refers to direct distribution of programs to households via satellite.

### FSS (Fixed Satellite Services)

Fixed satellite services is a term for satellite communications services that provide communications services mainly to fixed earth stations. On the other hand, satellite communications services that provide communications services mainly to mobile earth stations are called MSS (Mobile Satellite Services).

### Flexible Payload

Flexible payload refers to a next-generation digital satellite communications technology that enables in-orbit reconfiguration, such as flexible setting of the irradiation area by changing the beam shape, power control and redistribution, and bandwidth variations using a digital channelizer. The Group plans to begin operation of Asia's first satellite equipped with flexible payload technology in fiscal 2025.

### FTTH (Fiber To The Home)

An access optical communications service that uses optical fiber as a transmission line to provide videos and Internet lines directly to homes.

### Geostationary Earth Orbit (GEO)

#### Low Earth Orbit (LEO)

GEO is an orbital position of artificial satellites about 36,000 km above the equator. Since these satellites are synchronized with the Earth's rotation, artificial satellites in the GEO appear to be stationary when they are seen from the Earth. LEO is a low orbital position at an altitude of 2,000 km or less from the Earth's surface. Because the satellites are constantly moving above the Earth compared to geostationary satellites, a satellite constellation consisting of multiple satellites must be built to provide continuous communications services.

### HAPS (High Altitude Platform Station)

A high altitude platform station refers to a drone (unmanned communications base station) that enables the deployment of ultralow latency, large-capacity communications platform services from the stratosphere 20 km above the ground. Winds are calm in the stratosphere throughout the year, making stable flight control possible. Research and development on the stratosphere are underway as a next-generation communications platform that allows for replacement and repair of equipment as well as relocation of service areas even after operations begin.

## Glossary

### ■ HTS (High Throughput Satellite)

A HTS refers to a communications satellite that allows for high speed, large capacity services. It can provide around 10 times the throughput of a standard conventional communications satellite by using different frequencies for adjacent spot beams and reusing the same frequency for non-adjacent spot beams.

### ■ NTN (Non-Terrestrial Network)

A network in which the communication area is not limited to the ground, but is extended to any location in the air, sea, or space via non-terrestrial solutions such as satellites or HAPS.

### ■ OTT (Over The Top)

OTT is a collective term for services that distribute large-volume contents such as video over the Internet. Operators that provide video services directly to viewers by bypassing conventional communications infrastructure are called OTT service providers.

### ■ Quantum Cryptography Technology

Quantum cryptography technology applies quantum mechanics, a science that illustrates the movement and behavior of minuscule substances such as light grains (photons), the smallest unit of light. This technology splits the encryption key, which is key to deciphering ciphers, encodes the bits of the key on individual photons, and sends them. This data is separate from the information that is encrypted and exchanged. It is a next-generation cryptography communication technology that ensures secure data communication.

### ■ Right-handed circular polarization / Left-handed circular Polarization

Polarization refers to the direction in which a signal is oscillating. Right-handed circular polarization refers to a signal which oscillates in clockwise rotation, and left-handed circular polarization refers to a signal that oscillates in counterclockwise rotation. By separating the polarization into right and left, a single frequency can be used as if there were two.

### ■ SAC (Subscriber Acquisition Cost)

Subscriber acquisition cost is the cost to acquire new subscribers. It includes advertising cost, promotion and campaign costs, and the customer center operating cost.

### ■ SAR (Synthetic Aperture Radar)

Synthetic aperture radar is mounted on an artificial satellite or aircraft and uses motion to act as a large virtual aperture (radar diameter). It utilizes technology that improves the resolution by repeating transmission and reception while moving in orbit and synthesizing the received waves. It is called "synthetic aperture" because a small aperture antenna is synthesized to realize a large aperture antenna.

### ■ SDGs (Sustainable Development Goals)

The SDGs consist of 17 goals and 169 targets based on the current global issues. They refer to a set of common international rules to be voluntarily implemented by governments and companies across the world by 2030 and represent a culmination of rules for creating a sustainable society.

### ■ Universal NTN

A non-terrestrial network service that meets all needs, covering a broad area and boasting high capacity, low latency, safety, high reliability, and low power consumption.

### ■ Space integrated computing network

Space integrated computing network refers to an independent, carbon free, autonomous space communications network infrastructure, unaffected by disasters on Earth, which SKY Perfect JSAT Corporation and Nippon Telegraph and Telephone Corporation are developing to realize a sustainable society. The network aims to build an ultra-low power consumption, ultra-high-speed communication, and highly secure network based on the three features of space sensing, space data center, and space RAN (Radio Access Network).

### ■ Space Intelligence

A term coined by the Company. It refers to a new initiative to connect spaces and utilize various data acquired and collected from the spaces for the use, analysis, and provision of intelligence that people want to see and access.

### ■ Space Debris

Space debris refers to unnecessary artificial objects orbiting the Earth's satellite orbit, such as artificial satellites that have stopped functioning after their service life or have become uncontrollable due to malfunctions, rocket components used for launches, fragments, and fine debris generated by collisions between debris. The space debris count has continued to rise every year as development and use of space enter into full swing, making remediation measures necessary. The Group is developing an approach that uses a laser to remotely irradiate space debris drifting in space and change its trajectory to enter the Earth's atmosphere.

### ■ Transponder

The term transponder combines the words "transmitter" and "responder." In satellite communications, it is a general term referring to communications equipment that amplifies, converts, and transmits radio waves (electrical signals) received from the ground.

### ■ Uplink/Downlink

An uplink refers to a transmission from ground stations to communications satellites, and a downlink refers to a transmission from communications satellites to ground stations.

## Stock Information

### Basic Information

(As of March 31, 2022)

Total number of shares authorized to be issued	1,450,000,000 shares* <sup>1</sup>
Number of shares issued	297,404,212 shares* <sup>2</sup>
Fiscal year-end	March 31
Annual General Meeting of Shareholders	June
Transfer Agent of Common Stock	Mizuho Trust & Banking Co., Ltd. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241, Japan
Stock Listing	Prime Market, Tokyo Stock Exchange (Code 9412)

\*<sup>1</sup> The Company conducted a 100-for-1 common stock split effected on October 1, 2013\*<sup>2</sup> On July 21, 2021, the Company issued 233,237 common shares as restricted stock compensation, reaching a total number of 297,404,212 shares.

### Major Shareholders

(As of March 31, 2022)

	Number of shares held	Shareholding ratio
ITOCHU FUJI Partners, Inc.	76,568,800	26.38%
NTT Communications Corporation	26,057,000	8.98%
The Master Trust Bank of Japan, Ltd. (Trust account)	25,506,000	8.79%
Nippon Television Network Corporation	20,891,400	7.20%
Tokyo Broadcasting System Holdings, Inc.	18,434,000	6.35%
Custody Bank of Japan, Ltd. (Trust account)	8,994,600	3.10%
BNYM AS AGT/CLTS NON TREATY JASDEC	6,629,184	2.28%
Dentsu Group Inc.	4,000,000	1.38%
THE BANK OF NEW YORK MELLON 140044	3,363,423	1.16%
DFA INTL SMALL CAP VALUE PORTFOLIO	2,966,800	1.02%

We own 7,104,178 shares of treasury stock, which is excluded from the above list of major shareholders. The shareholding ratio is calculated after deducting treasury stock.

### Breakdown by Shareholder Category

(As of March 31, 2022)

	Number of shareholders	% of total		Number of shares held	% of total
Financial institutions	30	0.08%	Financial institutions	38,592,800	12.98%
Securities firms	35	0.09%	Securities firms	6,176,530	2.08%
Other Japanese corporations	280	0.72%	Other Japanese corporations	156,050,485	52.47%
Foreigners	327	0.84%	Foreigners	60,706,212	20.41%
Individuals and others	38,322	98.27%	Individuals and others	28,774,007	9.68%
Treasury stock	1	0.00%	Treasury stock	7,104,178	2.39%

## Corporate Information

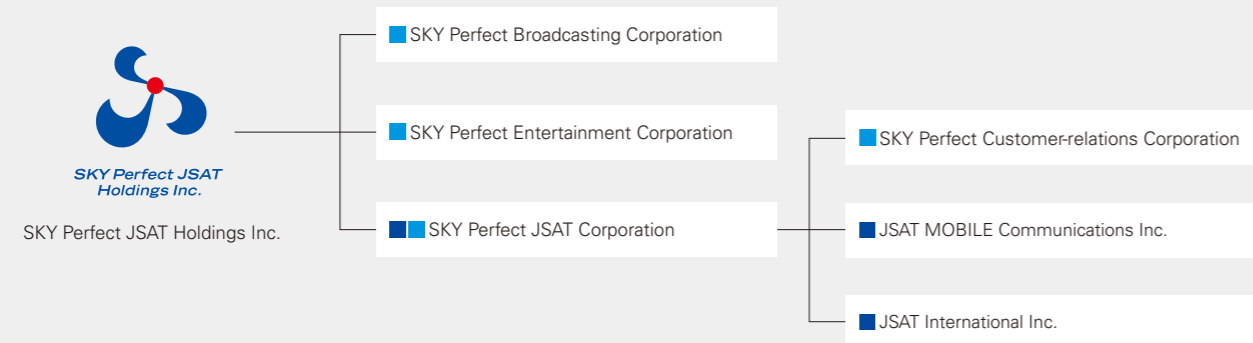
### Corporate Information

Corporate Name	SKY Perfect JSAT Holdings Inc.
Headquarters	8-1, Akasaka 1-chome, Minato-ku, Tokyo 107-0052, Japan
Telephone	+81-3-5571-1500
URL	https://www.skyperfectjsat.space/en/
Established	April 2, 2007
Number of Employees (Consolidated)	841 (As of March 31, 2022)
Capital	¥10,081 million (As of March 31, 2022)
Stock Listing	Prime Market, Tokyo Stock Exchange (Code 9412)
Number of Shares Issued	297,404,212*
Total Number of Shareholders	38,995
Fiscal Year-End	March 31
Annual General Meeting of Shareholders	June
Payment of Dividends (Dividend Record Date)	March 31 (and September 30 for interim dividends)
Transfer Agent of Common Stock	Mizuho Trust & Banking Co., Ltd.

\* On July 21, 2021, the Company issued 233,237 common shares as restricted stock compensation, reaching a total number of 297,404,212 shares.

### List of Major Group Companies (As of March 31, 2022)







■ Space Business ■ Media Business



### List of Major Group Companies (As of March 31, 2022)

■ Space Business ■ Media Business

Ownership includes indirect holdings.

	 SKY Perfect JSAT Corporation		
Corporate Name	■ SKY Perfect JSAT Corporation		
Capital	¥50,083 million		
Principal Activities	Space Business and Media Business		
Ownership	100.0%		
	 SPCC	 SPBC	 SPET
Corporate Name	■ SKY Perfect Customerrelations Corporation	■ SKY Perfect Broadcasting Corporation	■ SKY Perfect Entertainment Corporation
Capital	¥100 million	¥2,500 million	¥10 million
Principal Activities	Customer Center operations for multi-channel pay TV broadcasting and other services	Plans and produces content, provides technical support, and programs	Licensed broadcaster providing multichannel pay TV services via CS-110/124/128 degrees platform
Ownership	100.0%*	100.0%	100.0%
	 JSATMOBILE	 JSAT International	
Corporate Name	■ JSAT MOBILE Communications Inc	■ JSAT International Inc.	
Capital	¥375 million (Including legal capital surplus)	US\$25 million	
Principal Activities	A provider of mobile satellite communications services	Sale of satellite connections in North America, Russia, and Asia-Pacific	
Ownership	53.3%*	100.0%*	

\* The percentage of voting rights held is based on indirect ownership.

# Materiality and efforts to address ESG issues

Classification			ISO26000 Core subjects	Important themes	Important issues (materiality)	SDG	
E	S	G				1 NO POVERTY	2 ZERO HUNGER
			Consumer issues Community involvement and development	Building resilient broadcasting and communications infrastructure, eliminating digital divide	Provision of broadcasting and communications infrastructure to any areas and in any environment	1.5	
					Support of BCP and relief and recovery through provision of disaster-resilient broadcasting and communications infrastructure	1.5	
					Initiatives to enhance reliability and sustainability of satellite communication services through technological innovation	1.5	
			Consumer issues	Improving the richness of life through a diversity of content	Provision of a wide range of content via broadcasting, distribution, and various subscriber interfaces		
					Promotion of content distribution by supporting entry of diverse content holders		
			Human rights Consumer issues		Appropriate action for content involving violence, human rights, discrimination, etc.		
			The environment	Contributing to the environ- ment to make a decarbonized society and recycling-based economy a reality	Reduction of CO2 emissions by promoting use of renewables and improving energy efficiency of satellites and terrestrial facilities		
					Support partner companies for reduction of CO2 emissions		
					Appropriate disposal of industrial waste and promotion of 3Rs (reduce, reuse, recycle)		
			Fair operating practices		Environmentally friendly procurement		
			The environment	Improving the environment in space	Initiatives to remove space debris		
			Consumer issues Community involvement and development	Promoting innovation which contributes to the environment and society	Provision of new value through upgrades of broadcasting and communication and technological development		
			Community involvement and development The environment		Development and promotion of remote sensing	1.5	2.4
			Community involvement and development	Promoting partnerships	Exchange of human resources and technology transfer with partner companies and participation in collaborative projects and initiatives		
			Organizational governance	Developing a strong base for management	Enhancement of corporate governance	1.5	
			Consumer issues Organizational governance		Proactive and responsible corporate communications and dialogues with stakeholders		
			Fair operating practices Consumer issues		Information security and protection of personal information		
			Labor practices	Activities by a diverse array of people	Human resources development		
			Human rights Labor practices		Diversity & inclusion		
			Labor practices		Employee health promotion, creation of safe and secure working environment		
			Community involvement and development	Regional and community development	Social contribution, taking advantage of characteristics of broadcast slots, programs, commercials, etc.	1.2	
			Community involvement and development		Social contribution, such as next-generation education and development of local communities		

Data Section

Related 17 Goals and 169 Targets for SDGs																
3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
	4.7				8.1, 8.2 8.5, 8.8	9.1, 9.5 9.a, 9.c		11.1, 11.2 11.3, 11.5	12.8	13.1	14.4		16.3 16.4			
				7.2 7.b		9.1, 9.a 9.c		11.5 11.b		13.1 13.2						
					8.4	9.1, 9.4 9.5		11.5	12.2 12.5	13.1						
3.3	4.2, 4.7 4.a	5.1			8.5	9.1 9.2	10.2	11.1, 11.3 11.5	12.5 12.8				16.10	17.17		
						9.2			12.8					17.17		
	4.7	5.1 5.2					10.2 10.3		12.8				16.1 16.3			
				7.2 7.3		9.4			12.5	13.1 13.2		15.1				
				7.2		9.1 9.4				13.1 13.2				17.17		
3.9			6.3		8.4	9.4			12.4 12.5	13.1	14.1	15.1				
			6.3		8.4	9.4			12.1, 12.2 12.4, 12.5	13.1 13.2	14.1	15.1				
						9.1, 9.4 9.5			12.1, 12.2 12.4, 12.5							
						9.1, 9.2 9.5	10.2							17.17		
			6.5			9.1, 9.5 9.b		11.5 11.b		13.1	14.4 14.5	15.2	16.3 16.4			
	4.7					9.2								17.16 17.17		
		5.1 5.2				9.1	10.2	11.5		13.1			16.1, 16.3 16.4, 16.5 16.7, 16.10			
					8.2				12.6 12.8				16.7			
													16.10			
	4.3 4.4					9.5										
3.4		5.1, 5.4 5.5			8.2, 8.5 8.8		10.2						16.7			
3.3, 3.4 3.8					8.5 8.8											
	4.1 4.2						10.1							17.17		
3.2 3.3	4.1, 4.2 4.3, 4.4 4.5, 4.6 4.7, 4.a 4.c				8.9	9.1 9.5		11.5 11.7	12.8					17.17		

\* The Group's materiality table is organized based on the ESG/SDGs matrix under the supervision of Mr. Hidemitsu Sasaya.

Who We Are

What We're Planning

How We're Doing

Governance

Data Section

Financial Section

## Consolidated Financial Highlights

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries  
Years ended March 31

	Millions of yen, except Per Share Data and Selected Financial Indicators					Millions of yen, except Per Share Data and Selected Financial Indicators					Thousands of U.S. dollars, except Per Share Data (Note 1)	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (Note 7)	2022	
<b>For the Year:</b>												
Revenues	¥159,610	¥171,683	¥163,295	¥162,906	¥192,876	¥145,502	¥164,015	¥139,542	¥139,572	¥119,633	\$ 977,314	
Cost of Services	106,168	111,253	104,175	101,640	130,594	92,202	111,316	90,188	87,047	68,303	557,986	
Selling, General, and Administrative Expenses	37,289	38,717	39,492	37,056	37,848	37,648	37,408	34,091	33,373	32,467	265,233	
Operating Profit	16,153	21,713	19,628	24,210	24,434	15,652	15,291	15,263	19,152	18,863	154,095	
Profit before Income Taxes	15,644	18,543	20,363	24,292	24,297	17,244	15,515	15,492	19,888	20,276	165,644	
Profit Attributable to Owners of the Parent	9,683	9,659	13,516	16,868	17,415	11,353	9,682	12,027	13,345	14,580	119,107	
Comprehensive Income	11,358	11,053	14,662	11,209	17,870	11,415	9,764	11,832	11,687	16,424	134,171	
EBITDA (Note 2)	43,327	44,551	44,503	46,670	47,725	43,033	40,743	41,531	45,268	44,179	360,914	
Depreciation and Amortization	26,116	24,433	22,868	20,694	21,541	23,494	22,514	23,317	23,323	22,161	181,039	
Amortization of Goodwill	878	878	878	878	878	878	878	878	878	878	7,174	
Capital Expenditures	13,851	23,002	40,377	26,266	16,177	15,940	23,834	19,533	13,038	7,512	61,371	
<b>Cash Flows from Operating Activities</b>	<b>38,372</b>	<b>33,345</b>	<b>16,634</b>	<b>24,806</b>	<b>7,030</b>	<b>22,546</b>	<b>25,898</b>	<b>28,880</b>	<b>57,949</b>	<b>36,507</b>	<b>298,238</b>	
Cash Flows from Investing Activities	(11,119)	(18,970)	(34,748)	(28,804)	(22,883)	(27,213)	(33,469)	(20,826)	(11,358)	(7,737)	(63,208)	
Free Cash Flows (Note 3)	27,253	14,375	(18,114)	(3,998)	(15,853)	(4,667)	(7,571)	8,054	46,591	28,770	235,030	
Cash Flows from Financing Activities	(19,402)	(25,444)	(12,079)	18,587	13,469	4,866	9,362	(12,516)	(16,879)	(16,405)	(134,019)	
<b>At Year-End:</b>												
Cash and Cash Equivalents	¥ 74,473	¥ 63,784	¥ 33,963	¥ 48,558	¥ 46,151	¥ 46,305	¥ 48,090	¥ 43,603	¥ 73,194	¥ 85,914	\$ 701,856	
Total Assets	290,487	287,580	282,517	319,224	359,485	359,344	376,102	378,367	385,568	378,167	3,089,345	
Interest-Bearing Debt	49,398	45,995	38,366	64,138	82,753	92,767	108,086	102,443	90,959	85,352	697,262	
Net Assets	192,693	184,680	195,640	200,512	213,909	219,635	224,015	228,943	235,315	243,077	1,985,762	
	Yen					Yen					U.S. dollars	
<b>Per Share Data (Yen and U.S. dollars) (Note 4)</b>												
Earnings Per Share	¥ 28.77	¥ 29.50	¥ 43.85	¥ 55.39	¥ 58.64	¥ 38.22	¥ 32.60	¥ 40.49	¥ 44.92	¥ 49.52	\$ 0.40	
Total Equity Per Share	571.33	598.13	634.20	661.80	709.14	729.48	745.26	767.69	788.27	833.58	6.81	
Dividends Per Share	12.00	12.00	12.00	14.00	18.00	18.00	18.00	18.00	18.00	18.00	0.15	
	%					%					%	
<b>Selected Financial Indicators (%)</b>												
Operating Margin	10.1	12.6	12.0	14.9	12.7	10.8	9.3	10.9	13.7	15.8		
EBITDA Margin	27.1	25.9	27.3	28.6	24.7	29.6	24.8	29.8	32.4	36.9		
Equity Ratio (Note 5)	66.2	64.1	69.2	61.6	58.6	60.3	58.9	60.3	60.8	64.0		
ROE (Note 6)	5.0	5.2	6.9	8.6	8.3	5.2	4.4	5.3	5.7	6.0		
Dividend Payout Ratio	41.7	40.7	27.4	25.3	30.7	47.1	55.2	44.4	40.1	36.3		

Notes: 1. U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.41 to \$1, the approximate rate of exchange at March 31, 2022.

2. EBITDA is calculated using the following formula: Profit Attributable to Owners of the Parent + Income Taxes + Depreciation and Amortization + Amortization of Goodwill + Interest Expense.

3. Free Cash Flows are calculated using the following formula: Cash Flows from Operating Activities + Cash Flows from Investing Activities.

4. Per share figures have been restated, as appropriate, to reflect a hundred-for-one stock split effected on October 1, 2013.

5. Non-controlling interests are excluded from equity in calculating Equity Ratio.

6. Non-controlling interests are excluded from equity in calculating ROE.

7. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards are applied from the fiscal year ended March 31, 2022.

Financial position and results of operation for the fiscal year ended March 31, 2022, are presented in figures after applying the said Accounting Standard, etc.

# Management's Discussion and Analysis

## Operating Environment

The Japanese economy remained in a severe situation during the fiscal year ended March 31, 2022, due to the impact of COVID-19, although signs of a pick-up continued.

As for the operating environment for the Group, whereas the Media Business has been encountering maturation of the existing pay TV broadcast market, competition against domestic and overseas operators has been consistently intense for both content and customer acquisition amid a situation where flat-rate or free video streaming services continue to grow. In the Space Business, intense price competition continued against overseas satellite operators in the global market, yet there has been growing demand with respect to mobile satellite communications for vessels and aircraft as well as backhaul links for mobile phone base stations through services based on 5G (fifth-generation mobile communications system). Moreover, with an increase in venture investments, the business environment has been undergoing substantial changes that include launches of numerous venture enterprises on a global scale along with new operators entering the space business where they are developing inexpensive rockets and promoting projects involving large low earth orbit satellite communications systems.

## Performance Overview

Given these conditions, the consolidated financial results of the Group for the fiscal year ended March 31, 2022, were as follows.

Category	Previous fiscal year (millions of yen)	Fiscal year ended March 31, 2022 (millions of yen)	Change (millions of yen)	Change (%)
Revenues	139,572	119,633	(19,939)	(14.3)
Operating Profit	19,152	18,863	(289)	(1.5)
Ordinary profit	20,350	20,308	(42)	(0.2)
Profit before Income Taxes	19,888	20,276	388	2.0
Profit attributable to owners of the parent	13,345	14,580	1,235	9.3

Due to the application of the "Accounting Standard for Revenue Recognition" (hereinafter "Revenue Recognition Standard"), etc., revenues and operating expenses decreased by ¥21.0 billion and ¥20.7 billion, respectively. For details, please refer to "Notes to the Consolidated Financial Statements 2. Notes to changes in accounting policies (2) Application of the Accounting Standard for Revenue Recognition, etc."

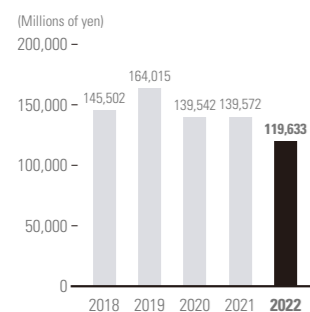
## Financial Position

Total assets amounted to ¥378.2 billion, a decrease of ¥7.4 billion compared to the end of the previous consolidated fiscal year (hereafter, year on year).

With regard to current assets, despite a ¥4.2 billion decrease in accounts receivable-trade resulting from collection of receivables related to the X-Band business, current assets increased by ¥6.7 billion year on year, mainly due to a ¥12.7 billion increase in cash and cash equivalents.

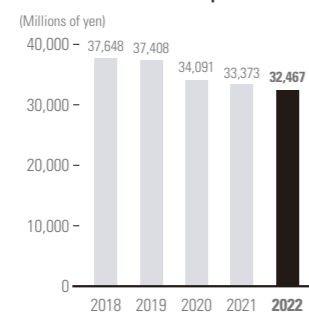
Property and equipment and software and goodwill decreased by ¥15.8 billion year on year, mainly because of depreciation and amortization equal to ¥22.2 billion and amortization of goodwill equal to ¥0.9 billion, despite the ¥7.5 billion increase due to capital expenditures.

### Revenues

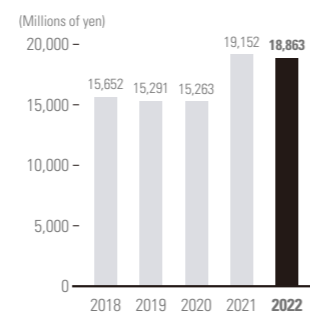


(Years ended March 31)

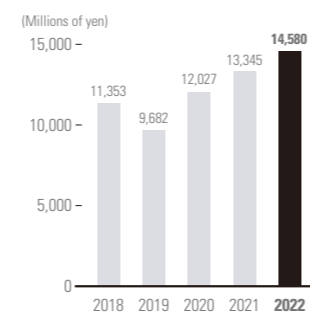
### Selling, General, and Administrative Expenses



### Operating Profit



### Profit Attributable to Owners of the Parent



Investments and other assets increased ¥0.7 billion year on year, due to a ¥2.8 billion increase in investment securities and other factors.

Total liabilities came to ¥135.1 billion, down ¥15.2 billion year on year.

The main factors were a ¥5.6 billion decrease in interest-bearing debt due to repayment of loans related to the X-Band and Horizons 3e businesses, a ¥3.1 billion decrease in income taxes payable, and a ¥1.5 billion decrease in unearned revenues.

Total equity, including non-controlling interests, increased by ¥7.8 billion year on year to ¥243.1 billion.

This is mainly attributed to an increase in retained earnings of ¥9.2 billion due to the posting of profit attributable to owners of the parent, and the main decrease was due to a 3.0 billion yen repurchase of treasury shares. The equity ratio was 64.0%, up 3.2 percentage points year on year.

## Liquidity and Capital Resources

### Cash Flows

Cash flows from operating activities for the current consolidated fiscal year were ¥36.5 billion (versus ¥57.9 billion in the previous fiscal year), mainly due to profit before income taxes, depreciation and amortization of goodwill totaling ¥43.3 billion, and while there was a decrease in accounts receivable-trade and affiliated companies of ¥4.4 billion, there was ¥8.4 billion in in paid income taxes.

Cash flows from investing activities totaled ¥7.7 billion (versus ¥11.4 billion in the previous fiscal year), mainly due to purchase of Property and equipment and software and goodwill worth ¥8.4 billion, purchase of investment securities worth ¥3.1 billion, collection of loans receivable related to the Horizons 3e business worth ¥2.2 billion, and proceeds from sales of shares of affiliated companies worth ¥1.2 billion.

Cash flows from financing activities totaled ¥16.4 billion (versus ¥16.9 billion in the previous fiscal year), mainly owing to repayment of long-term loans payable worth ¥7.8

billion, purchase of treasury shares worth ¥3.0 billion, and dividends paid worth ¥5.3 billion.

As a result of the above, cash and cash equivalents as March 31, 2022 amounted to ¥85.9 billion, up ¥12.7 billion year on year.

### Capital Expenditure

In the fiscal year ended March 31, 2022, the Group made capital expenditures totaling ¥7.5 billion. The spending was allocated mainly to upgrading broadcasting and distribution facilities in the Media Business, and procuring communications satellites, etc., in the Space Business.

## Finance

There was no new financing during the fiscal year ended March 31, 2022.

## Performance Forecasts

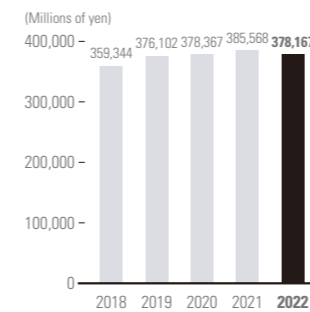
In the Media Business, we expect subscription fee-related revenue to decline as the number of subscribers decreases due to competition with subscription-based or free online video distribution services, as well as intensified competition for sports-focused content. Given the environment, we will continue to reform our business structure to maintain and improve income and expenditures for our existing businesses while aggressively developing our distribution and FTTH businesses with an eye toward future growth.

The total number of subscribers to the three SKY PerfecTV! services in fiscal 2022 is expected to be as shown in the table below.

	Net change		Total subscribers	
	IC card	Number of subscribers	IC card	Number of subscribers
FY2022 (target)*	(95)	(124)	2,913	2,271
FY2021	(94)	(118)	3,008	2,395

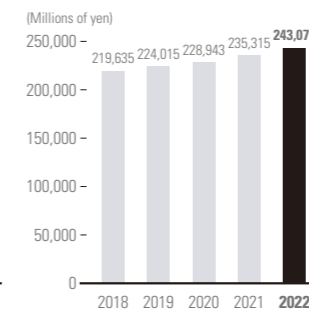
\*As of March 2023

### Total Assets

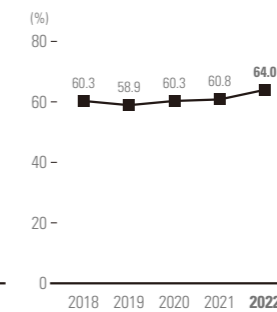


(Years ended March 31)

### Total equity



### Equity Ratio



## Management's Discussion and Analysis

The number of households receiving optical re-transmission service is expected to rise to 2,642 thousands (VS. 2,452 thousands in the previous fiscal year).

In the Space Business, as with the previous fiscal year, given that the spread of COVID-19 has not abated, the use of satellite connections for mobile communications is expected to be affected due to reduced flights and other factors. In this environment, we will continue to capture demand for satellite communications in the global market, particularly in growing markets with a focus on Asia. In addition, as part of our efforts in new domains, we have established a joint venture with Nippon Telegraph and Telephone Corporation that aims to commercialize a space integrated computing network. We are also working towards earnings growth in the business intelligence domain, which combines AI analysis with various geospatial information acquired from satellites.

Given the above, in terms of consolidated financial results for fiscal year 2022, we project revenues of ¥120 billion (up 0.3% year on year), operating profit of ¥21 billion (up 11.3% year on year), ordinary profit of ¥21.5 billion (up 5.9% year on year), and profit attributable to owners of the parent of ¥15 billion (up 2.9% year on year). For fiscal 2022, the annual dividend per share is projected to be ¥18.

(Note) The future performance and projections contained within the aforementioned future forecast are based on the Company management's determinations in light of the currently available information. Actual results may differ from the forecast figures due to a number of factors. If a change in circumstances necessitates revisions to the earnings forecast, we will promptly disclose these revisions.

### Dividend Policy and Return to Shareholders

Our Articles of Incorporation include the provision that the Board of Directors can resolve to pay dividends from surpluses, etc., as provided in Article 459, Paragraph 1 of the Companies Act. Our policy regarding the exercise of these rights is as follows.

The Group maintains a long-term and comprehensive approach to shareholder return as an important management priority. Our aim is to pay stable dividends while retaining sufficient internal reserves to fund our aggressive business development plans. Our policy is to determine cash dividend amounts for the interim dividend and the year-end dividend twice a year following extensive consideration of our financial position, level of earnings, and payout ratio and so forth.

For the year-end dividend for the 15th term, in addition to the interim dividend of ¥9 per share issued with an effective date of December 3, 2021, the Board of Directors has resolved at a meeting on April 28, 2022, to pay a dividend of ¥9 per share as a year-end dividend. As a result, the annual dividend for the 15th term will be ¥18 per share.

### Financial Risks

Accounts receivable - trade and lease receivables are exposed to customer credit risk. The Group manages its 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.

Held-to-maturity securities are mainly bonds, which are exposed to credit risk of issuers, held for the purpose of investing temporary cash surpluses. To mitigate the risk, the Group invests in only highly rated bonds.

Available-for-sale securities are listed stocks, and are exposed to market risk. To mitigate the risk, the Group assesses fair values and financial conditions of the investments periodically and reviews the status of ownership on an ongoing basis.

Payment terms of the majority of accounts payable - trade and accounts payable - other are due in less than one year. These trade payables are exposed to liquidity risk related to funding. The Group manages 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 the PFI business, business investments, and capital expenditures. 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. Please see "(5) Matters concerning accounting policies, viii) Method of significant hedge accounting" of "1. Notes regarding significant matters for the preparation of consolidated financial statements." for further details about hedging instruments and hedged items, hedging policy, and the method of assessing hedge effectiveness in relation to hedge accounting.

The Group executes and manages derivative transactions in accordance with the internal policies that define transaction authority. The Group enters into derivative transactions only with financial institutions with a high credit rating to minimize credit risk exposure.

### Business Risks

The risks listed below are risk items that the Group has identified as significant risks for the fiscal year ended March 31, 2022, along with countermeasures to address them. The risks discussed here do not cover all of the risks faced by the Group. In addition, there may arise unknown risks that the Group is not aware of, or risks that may grow more

significant in the future and have a serious impact on the Group's business, financial position, and operating results. Forward-looking statements in this document are based on the judgment of the Group as of the end of fiscal year.

#### [1] Risks Concerning Business Investments, etc.

To expand its business, the Group may consider mergers and acquisitions, investments in other companies, alliances with other companies, and the establishment of cooperative frameworks. If the Group determines that such actions will contribute to its future business strategies and operating results, it may execute said actions.

However, if we are unable to integrate the target businesses of an acquisition in line with the Group's management strategy, or if we are unable to achieve the synergy we expect, apply the Group's internal control system to the target businesses of an acquisition, or we discover significant problems after making the acquisition, including problems in technological fields in which the Group is not guaranteed to possess knowledge or expertise, the Group's financial situation and operating results may be adversely affected.

Moreover, acquisitions may result in large amounts of goodwill and intangible assets being recorded, which may be impaired if the profitability of the target businesses declines. Also, losses on the sale or liquidation of a business or other losses associated with business restructuring may adversely affect the Group's operating results and financial position.

To address these risks, the Company has established rules and regulations pertaining to investments, and it holds discussions and makes decisions on financing and investments after taking into consideration business plans, the internal rate of return, withdrawal criteria, and other risks. Furthermore, when it comes to major investment proposals, the Company has a system of multiple checks and careful examinations from multiple perspectives. This includes departmental meetings; discussions at meetings of the Management Committee, an advisory body to the Representative Director, President; and resolutions at meetings of the Board of Directors.

To establish and execute appropriate internal control, we also dispatch personnel to the companies in which we invest and require them to comply with the rules and regulations established by the Group for proper management. When making investment decisions, we establish milestones and conduct reviews when appropriate. In addition, after deciding to invest, we review the financial condition, policies, profitability, capital cost, ownership significance, investment appropriateness, and other factors for each investment target, and we report the results to the Board of Directors.

That being said, even if the currently envisioned measures are implemented, it is impossible to completely prevent losses in the businesses we acquire or

impairment of investment securities or goodwill that result from changes in the market and competitive environment or inadequate business management after investments or acquisitions have been made. Thus, there is no guarantee that we can secure profits that are commensurate with our investments.

Also, the occurrence of compliance-related issues at the companies in which we have invested could damage the Group's social credibility.

#### [2] Risks Concerning Legal Business Regulations

In conducting its business activities, the Group is subject to legal regulations in Japan, including the Broadcasting Act, the Telecommunications Business Act, the Radio Act, the Antimonopoly Act, the Act on the Protection of Personal Information, environmental laws and regulations, and the Act for Normalization of Grants, etc. We are also subject to the legal regulations of each country where we operate. Violations of these laws and regulations, or behavior contrary to societal demands, may result in legal penalties, lawsuits, social sanctions, orders to suspend business, or loss of trust from customers and other stakeholders, which may adversely affect the Group's business and operating results.

Furthermore, if new laws or regulations are enacted that change the current system that applies to satellite broadcasting in Japan and to the launch, operation, and commercial use of communications satellites in Japan and overseas, or if revisions are made that are detrimental to the Group's business activities, our business operations may be restricted, which could adversely affect its business and operating results.

To address the above risks, we have established the SKY Perfect JSAT Group Compliance Basic Regulations and the Group Officer and Employee Code of Conduct, based on the "SKY Perfect JSAT Group Mission" and the "SKY Perfect JSAT Principles," and we require Board Directors and employees to comply with all laws and regulations.

The Group has also appointed a Chief Compliance Officer and established a Compliance Committee chaired by the Chief Compliance Officer that meets on a regular basis.

In addition, to ensure that compliance is firmly established throughout the Company, the Company provides education and training to Board Directors and employees and utilizes a service that disseminates information about the enactment and revision of new laws and regulations as required to ensure compliance with said laws and regulations.

To provide a system that allows for prompt reports and consultations with internal and external points of contact in the event that any suspected violation of laws or regulations is discovered in the Group's business activities or in the conduct of Board Directors or employees, a "Compliance Helpline" has been established and is operated in an appropriate manner. Our Internal Audit Division regularly audits

## Management's Discussion and Analysis

the status of compliance of the Group, including the status of the aforementioned countermeasures.

Moreover, with regard to the enactment or revision of laws and regulations that alter existing systems in Japan and overseas, we constantly monitor the inclinations of relevant authorities and take measures to mitigate risks by expressing our views as required and making advance preparations for systemic changes.

However, despite strengthening our legal compliance system and monitoring, there is a chance that we may not be able to completely eliminate the possibility of legal violations, or that we may not be able to take appropriate action due to delays in obtaining information on the enactment or revision of new laws and regulations in Japan or overseas, which could adversely affect our business operations.

### [3] Risks Concerning Leaks and the Handling of Personal Information and Important Information, and Cyber Security

The Group retains customer information, including subscriber information for the services it provides, in its Media Business, and important information, including technical information, in its Space Business. If this information is leaked due to a system failure resulting from a hardware/software malfunction, human error, or unauthorized access by a third party, or if personal information is improperly handled, the Group's business and operating results may be adversely affected due to loss of public trust, compensation for damages, or other costs incurred while handling the situation.

In the event of a large-scale cyberattack, not only could this information be leaked, but the operation of broadcasting/distribution services as well as satellite communications services could also be disrupted.

To address the above risks, the Group has obtained ISMS (Information Security Management System) certification and the Privacy Mark, and has established an information security and personal information protection management system to carry out strict information management. As part of these activities, the Personal Information Management Committee and Information Security Management Committee have been established to monitor the status of information security management within the Group.

Further, the Computer Security Incident Response Team (CSIRT) has been established as an organization responsible for responding to security incidents, and training has been conducted as well. In terms of system measures, we utilize encrypted servers when storing personal information and important business information; intrusion prevention systems and anti-virus software to prevent infections; system logging; and the detection of vulnerabilities through security diagnostics, among other measures.

Additionally, in response to the diversification of cyber-attack methods and the increase in cybersecurity risks due to the promotion of DX (Digital Transformation) and other

factors, we have appointed a Chief Information Security Officer (CISO) and are working on the implementation and enhancement of cybersecurity measures.

We have also established a remote work system to help prevent the spread of COVID-19, and we are conducting security assessments of remote access systems and tools.

However, even if all of these measures are implemented, information leaks or service disruptions could occur due to unforeseen situations that overwhelm these measures, such as advanced cyberattacks utilizing new technologies.

### [4] Risks Concerning Business Continuity Due to Large-Scale Disasters, etc.

As a corporate group that provides highly public services in broadcasting and telecommunications, the Group owns broadcasting facilities and satellite control and communication facilities in Japan. In the event of a large-scale disaster, accident, or pandemic such as COVID-19, there is a chance that it may be difficult to continue business operations due to damage sustained by facilities and equipment, facility closures, or voluntary suspension of activities.

There is also the risk that it may be impossible to secure the employees required to continue operations due to employees being affected by the disaster, public transportation being suspended, and so on.

To address these risks, we have established and are operating a business continuity plan that lays out how each of our businesses will continue its operations and includes a personnel plan and other emergency systems. In addition, we have also taken the initiative to establish a business continuity system as a way to continue business operations in the event of the spread of infectious diseases such as COVID-19.

With regard to the business continuity system to address the spread of infectious diseases such as COVID-19, along with the establishment of remote work, we have created a system for enabling operations to be carried out while ensuring the safety of employees by setting up a work schedule in accordance with how infections are spreading, based on requests from the national government and Tokyo.

Sites that handle continuous operations are equipped with seismic control or isolation structures and have emergency power generation capabilities and emergency food stockpiles. In particular, satellite communications control facilities, which are expected to be used more than usual in the event of a disaster, are equipped with uninterruptible power supplies and designed such that even if one facility is shut down, services can be provided by other facilities to avoid serious disruptions to operations. We are also continuing to study and devise and formulate countermeasures to deal with threats such as hurricanes and strong winds and torrential rains that have been occurring frequently in recent years due to climate change and other factors.

Still, because not all of our services have full backup facilities, in the event of a large-scale disaster that cannot be fully handled via the countermeasures currently envisioned, there is the risk of long-term suspension of broadcasting, distribution, and communication services, as well as a risk of being unable to secure fuel and personnel at bases due to prolonged disruptions in transportation and other services. Such a situation could have a negative impact on the Group's business and operating results.

## Risks Related to Satellite Infrastructure

### [5] Risks Concerning Lower Competitiveness in the Satellite Communications Market

The recent development and low cost of terrestrial channels and new communication networks in the 5th Generation Mobile Communication System (5G) era mean that communications satellites do not enjoy the same advantage as before. At the same time, the global supply of transponders has been increasing year by year. Moreover, other satellite operators are pushing ahead with plans to launch multiple HTS, so the challenge becomes figuring out how to maintain profitability if unit bandwidth and unit service prices continue their downward trend.

In addition, with the development of next-generation satellite communications using microsatellites and low earth orbit satellites, there is a growing risk that the Group's revenues in the Space Business will decline if it continues to operate based on the conventional business model.

To address the above risks, we are focusing on seizing demand in an increasingly competitive market by continuing to procure and launch satellites that incorporate advanced technologies, such as HTS and fully digital satellites. In particular, in recent years, the Company has responded to the growing demand for mobile satellite communications for aircraft and ships in the Asia-Pacific region by providing services via two HTS: Horizons 3e, a satellite jointly owned with Intelsat, and JCSAT-1, Japan's first private-sector communications satellite that is partially owned along with Kacific. The Company has been steadily increasing its revenues. For these jointly and partially owned satellites, we also share some costs with our partners to achieve procurement and operation in an efficient manner.

In March 2021, we signed a contract for the procurement of a new satellite, Superbird-9, which will be outfitted with fully digitized communications equipment as the successor to Superbird-C2. We plan to launch high-capacity, highly flexible communications services in Japan and other East Asian countries in fiscal 2025.

While the demand for mobile communications, including broadband for aircraft and so on, has been on a sharp decline due to the impact of the COVID-19 pandemic, we are taking measures to address this, such as by conducting sales activities based on an analysis of market trends.

Besides our conventional business model, with regard

to new communication networks in the 5G era, we are continuing to consider developing businesses other than our geostationary orbiting satellite business, such as the introduction of high-altitude platform stations (HAPS) and low earth orbit satellites.

Yet even if the currently envisioned measures are implemented, demand may decline due to rapid changes in the market environment caused by the emergence of new satellite operators offering next-generation satellite communications services that utilize low earth orbit satellites or other solutions, or due to the prolonged spread of infectious diseases.

### [6] Risks Concerning Communications Satellite Procurement

When procuring communications satellites, there is a risk of manufacturing delays and launch delays, failures, and so on. If the scheduled start of operations for a communications satellite is delayed for any of these reasons, which results in continuous services unable to be provided for a certain period, there is a chance that earnings may decline and users may leave during that period.

Further, we may incur unplanned expenditures due to the design or other factors during the communications satellite manufacturing period.

To mitigate the aforementioned risks, when creating procurement schedules, we take measures to prepare for potential launch failures, including fleet backup measures using backup satellites and existing satellites, as well as placing advance orders for long lead items for replacement satellites, to ensure the early delivery of replacement satellites.

Regarding payments, we are striving to reduce risk by making milestone payments based on progress made and securing the right to claim a certain amount of compensation in the event of delivery delays. With regard to insurance policies, we have insurance policies in place for both launch and in-orbit operations.

The launch risk insurance covers the cost of re-procurement and repair of communications satellites in the event of complete or partial damage during the initial phase of operations, and it is generally valid for one year from the time of launch.

However, even if the currently envisioned measures are implemented, there are potential risks, including the risk that the manufacture and launch of successor satellites may be delayed due to supply chain issues or unforeseen accidents; the risk that the degree and cause of damage to a satellite or other factors may prevent the launch risk insurance from covering the full cost of the launch; the risk of increased premiums due to fluctuations in the space insurance market environment; and the risk of not being covered by property insurance in the event of war or other absolute exemptions from coverage obligations.



## Management's Discussion and Analysis

### [7] Risks Concerning Communications Satellite Operations

Communication satellites owned by the Group are used for a relatively long time period of 15 to 20 years. During this operational period, there is the possibility that the satellite may malfunction or that its operational capabilities may be degraded due to manufacturing defects, defective parts, magnetic storms caused by solar activity, collisions with debris or meteorites, excessive fuel consumption, satellite control-related or operation-related failures, or other factors. If such events were to occur, we might experience a decline in revenue due to the inability to provide services, an outflow of customers, or costs associated with shifting customers to another satellite owned by the Group, any of which could have a negative impact on our earnings.

To address the above risks, we have an in-orbit insurance policy in place for each launched communications satellite that takes effect after the launch insurance period has elapsed. However, this insurance does not cover third-party liability, loss of revenue, or other business damages that the Group may incur due to technical malfunctions of the communications satellite.

The Group currently has a spare communications satellite in orbit and is prepared to provide backup as quickly as possible in the event that a satellite in operation malfunctions.

However, even if the currently envisioned measures are implemented, there is still the risk of earnings decreasing due to the inability to provide replacement functions via a backup satellite owing to unforeseen circumstances; the risk of not being covered by in-orbit insurance due to the application of an exemption clause depending on the factors causing the communications satellite to malfunction; the risk of premiums rising due to changes in the space insurance market environment; and the risk of warfare.

### Risks Related to Multichannel Pay TV Broadcasting Platform Services

#### [8] Risks Concerning the Lower Feasibility of the Multichannel Pay TV Business

The acquisition and retention of subscribers is an important factor in the Group's earnings growth. As of March 31, 2022, we had 3,008,000 subscribers, but there is no guarantee that the number of subscribers will grow according to the Group's plans going forward. In addition, despite our efforts to differentiate our content, enhance promotions, and implement various marketing measures such as campaigns, if the number of subscriptions continues to decline or sharply decreases in the future due to intensified competition with competing services or changes in user viewing habits due to developments such as the penetration of video distribution services offering similar content online, there is no guarantee that the number of subscribers will grow as planned in the future, and the Group's business and operating results will be adversely affected.

Moreover, if the appeal of the Group's services declines due to the Group's inability to acquire leading content as a result of intensified competition or other factors, thus resulting in a greater than expected number of cancellations by existing subscribers, the cumulative number of subscribers will decrease, and the profitability of the multichannel pay TV business will decline due to soaring broadcasting rights fees. This could have a negative impact on the Group's business and operating results.

To address the above risks, we have prepared and are implementing a mid-term business structure reform policy based on business income and expenditures so that we can secure a certain level of profit even in situations where the number of subscribers in our multichannel pay TV business, especially our premium services, declines. In response to soaring broadcasting rights fees, the Company has established a content acquisition policy that clearly prioritizes content that contributes to subscriber acquisition and retention, and it conducts after-the-fact reviews of the cost-effectiveness of this content. Furthermore, through appropriate collaborations and alliances with other companies in the industry that provide paid content, the Company will strengthen its marketing capabilities and increase the efficiency of its overall business. At the same time, to increase earnings in the FTTH business, the Company is implementing measures to increase earnings outside its multichannel pay TV business by expanding its coverage area, enhancing its services and sales structure, and making effective use of Tokyo Media Center facilities, among other things.

However, we recognize that there is more risk than before due to the accelerated rise of online video distribution services, so we have decided to launch "SKY PerfectTV! BANGUMI HAISHIN (a free distribution service)" for our multichannel pay TV business subscribers along with our new original video distribution service, "SPOOX." Still, we still expect to risk further decreases in profitability if the number of subscribers declines due to increasingly fierce competition or if broadcasting rights fees and distribution rights fees rise more than expected.

In addition, with the outlook for the end of COVID-19 uncertain, the fiscal year has been affected by the cancellation, postponement, or reduction of sports events, concerts, and other events. Should the spread of infectious diseases be prolonged in the future, this could further reduce profitability, such as by decreasing the number of subscribers and subscription revenue from channels that carry such programs.

#### [9] Risks Concerning Illegal Viewing

The Group's multichannel pay TV broadcasting service, SKY PerfectTV!, uses IC cards/chips referred to as B-CAS cards/ACAS chips. With regard to B-CAS cards, a vendor of modified B-CAS cards that allow users to illegally view pay TV broadcasts has been arrested. In addition, there have been

cases of injunctions to prevent the sale of illegal devices exclusively for online distribution on major e-commerce sites, on the grounds that such sales constitute an act of aiding and abetting infringement of public transmission rights and the right to make transmittable. Illegal viewing using modified B-CAS cards and illegal devices exclusively for online distribution may have a significant negative impact on the healthy dissemination and expansion of multichannel pay TV broadcasting as a whole, as well as the Group's business and operating results.

Also, while the Group's multichannel pay TV broadcasting services, which include SKY PerfectTV! Premium and SKY PerfectTV! Premium Hikari, use IC cards that differ from B-CAS cards, similar unauthorized viewing could have a negative impact on the Group's business and operating results.

To mitigate the above risks, we have been actively involved in the development of ACAS chips for the launch of 4K/8K broadcasts. ACAS chips have enhanced security functions and are also compatible with 2K broadcasts, allowing SKY PerfectTV! Service to be viewed on 4K TVs equipped with the ACAS chip just like before. As 4K TVs gain more widespread adoption in the future, B-CAS cards will be replaced by ACAS chips, and this is expected to reduce risk to a certain extent. In the event that unauthorized viewing via B-CAS cards is discovered, the Group's policy is to take all possible measures to deal with the situation in a serious manner, including claims for damages and other legal action, in cooperation with other pay TV operators and BS Conditional Access Systems, Co., Ltd. which owns the B-CAS cards. We will continue to file both criminal and civil lawsuits and publicize the illegality in our public relations going forward. In addition to continued efforts to look into more effective technical measures, we will enhance our cooperation with relevant ministries and agencies so that legal action can be taken against unauthorized viewers who use unauthorized viewing devices.

But if ACAS chips are not adopted as widely as expected, or if the above measures are not an effective deterrent, there is a chance that unauthorized viewing using modified B-CAS cards will continue to occur over a lengthy period of time. In addition, there has recently been an influx of illegal devices from overseas dedicated to online distribution that enable unauthorized viewing via the internet, and it is possible that unauthorized viewing will increase due to these devices. The Japan Satellite Broadcasting Association (JSBA), which has successfully obtained injunctions against the sale of illegal viewing devices to major e-commerce sites, has taken the lead in establishing the Council Against Illegal Streaming Devices, with the participation of broadcasters and related organizations. The Group is actively involved with the activities of this council and working to prevent the distribution of illegal dedicated online streaming devices. In the event that new technologies or devices that enable dedicated online streaming devices or unauthorized

viewing emerge, and the Group is unable to implement effective countermeasures against them or is forced to spend a large amount of money to implement such countermeasures, the Group's business and operating results may be adversely affected.

### [10] Risks Concerning the Customer Management System

The Group uses a large-scale client management system to manage various types of customer and contract information related to its multichannel paid services, including new subscriptions, channel changes, cancellation processing, billing, and invoicing. This system plays a key role in Media Business operations and revenue management.

In the event that this system experiences a major system failure, or if errors occur in program modifications and so on due to system configuration or specification changes, services such as subscription registration may be suspended, business operations could be hindered due to issues with various transactions and procedures with broadcasters, our social reputation could be damaged, and unforeseen costs required to resolve problems and respond to customers could be incurred. The Group's business and operating results may be adversely affected as well.

In addition, improper data entry or falsification of records could undermine the reliability of revenues, which form the basis of business performance, and adversely affect business operations and operating results.

To address the aforementioned risks, the client management system is installed in a seismically isolated facility to prevent serious system failures, and each piece of equipment and device has redundancies built in. Further, applications, data, and other information are regularly backed up to servers in remote locations. The Group has also taken measures to prevent system configuration flaws, including meticulous operational management through the preparation of configuration manuals and so on, internal procedures for program modifications, and periodic inventory checks of system access privileges.

That being said, even if the aforementioned measures are implemented, there is still the risk of human error and unexpected failures due to inadequacies in the requirement definitions and such during system maintenance.

## Consolidated Balance Sheet

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries  
March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents (Notes 6 and 16)	¥ 73,194	¥ 85,914	\$ 701,856
Accounts receivable (Notes 6 and 16):			
Trade	67,996	63,749	520,786
Affiliated companies	188	191	1,557
Other	179	429	3,508
Allowance for doubtful accounts	(390)	(163)	(1,329)
Lease receivables (Notes 6, 12 and 16)	49,045	46,434	379,334
Inventories:			
Broadcasting rights	1,973	396	3,235
Work in process	299	177	1,445
Other	1,081	1,205	9,841
Investment in and advances to affiliated companies (Notes 16 and 19)	2,077	2,832	23,132
Other (Notes 6 and 19)	4,028	5,157	42,130
<b>Total current assets</b>	<b>199,670</b>	<b>206,321</b>	<b>1,685,495</b>
<b>Property and Equipment:</b>			
Buildings and structures	22,490	22,529	184,047
Machinery, equipment and vehicles	78,652	66,926	546,739
Telecommunications satellites	247,758	227,758	1,860,620
Land	2,924	2,924	23,889
Construction in progress	7,097	7,938	64,849
Other	16,365	16,788	137,131
<b>Total property and equipment</b>	<b>375,286</b>	<b>344,863</b>	<b>2,817,275</b>
Accumulated depreciation	(241,332)	(225,708)	(1,843,867)
<b>Net property and equipment</b>	<b>133,954</b>	<b>119,155</b>	<b>973,408</b>
<b>Investments and Other Assets:</b>			
Software	5,106	5,013	40,951
Goodwill	945	67	548
Investment securities (Notes 5 and 16)	2,078	4,907	40,085
Investment in and advances to affiliated companies (Notes 16 and 19)	31,875	30,591	249,904
Deferred tax assets (Notes 2.p and 10)	8,990	8,991	73,447
Other	2,988	3,122	25,507
Allowance for doubtful accounts	(38)	—	—
<b>Total investments and other assets</b>	<b>51,944</b>	<b>52,691</b>	<b>430,442</b>
<b>Total</b>	<b>¥ 385,568</b>	<b>¥ 378,167</b>	<b>\$ 3,089,345</b>

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities:</b>			
Current portion of long-term debt (Notes 6 and 16)	¥ 7,718	¥ 13,708	\$ 111,983
Accounts payable:			
Trade	12,932	12,681	103,595
Affiliated companies	643	500	4,088
Income taxes payable	4,265	1,165	9,519
Subscription fees received	7,585	7,180	58,659
Unearned revenues	12,373	10,853	88,663
Accrued bonus	801	622	5,078
Asset retirement obligations (Notes 2.m and 8)	—	113	919
Other	8,696	4,880	39,861
<b>Total current liabilities</b>	<b>55,013</b>	<b>51,702</b>	<b>422,365</b>
<b>Non-current Liabilities:</b>			
Long-term debt (Notes 6 and 16)	83,241	71,644	585,279
Liabilities for retirement benefits (Note 7)	6,760	6,593	53,862
Deferred tax liabilities (Notes 2.p and 10)	534	855	6,987
Asset retirement obligations (Note 8)	2,323	2,239	18,294
Other	2,382	2,057	16,796
<b>Total non-current liabilities</b>	<b>95,240</b>	<b>83,388</b>	<b>681,218</b>
<b>Commitments and Contingent Liabilities (Notes 12 and 17):</b>			
<b>Equity (Note 9):</b>			
Common stock			
Authorized, 1,450,000,000 shares;			
Issued, 297,170,975 shares in 2021 and 297,404,212 shares in 2022	10,033	10,082	82,361
Capital surplus	132,017	131,893	1,077,469
Retained earnings	94,502	103,750	847,560
Treasury stock—at cost, 7,104,178 shares in 2022	—	(3,000)	(24,508)
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	38	(67)	(551)
Deferred loss on derivatives under hedge accounting	(421)	(46)	(373)
Foreign currency translation adjustments	(1,314)	(142)	(1,150)
Remeasurements of defined retirement benefit plans	(605)	(482)	(3,939)
<b>Total</b>	<b>234,250</b>	<b>241,988</b>	<b>1,976,869</b>
Non-controlling interests	1,065	1,089	8,893
<b>Total equity</b>	<b>235,315</b>	<b>243,077</b>	<b>1,985,762</b>
<b>Total</b>	<b>¥ 385,568</b>	<b>¥ 378,167</b>	<b>\$ 3,089,345</b>

## Consolidated Statement of Income

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries  
Year Ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Revenues</b> (Notes 2.o, 11 and 20)	¥ 139,572	¥ 119,633	\$ 977,314
<b>Operating Expenses:</b>			
Cost of services (Notes 13 and 20)	87,047	68,303	557,986
Selling, general, and administrative expenses (Notes 14 and 20)	33,373	32,467	265,233
<b>Operating Profit</b> (Note 20)	19,152	18,863	154,095
<b>Other Income (Expenses):</b>			
Interest and dividend income	1,804	1,497	12,226
Interest expense (Note 6)	(1,269)	(1,061)	(8,666)
Foreign exchange gains—net	52	102	830
Share of profit of investments accounted for using the equity method	287	243	1,982
Commission fee	(142)	—	—
Gain on sale of non-current assets	—	230	1,881
Impairment loss (Notes 15 and 20)	—	(156)	(1,272)
Loss on sales of investment securities	(35)	—	—
Write-down of investment securities (Note 5)	—	(96)	(787)
Loss on sales of shares of affiliated companies	—	(10)	(78)
Write-down of shares of subsidiaries and associates	(427)	—	—
Other—net (Note 3)	466	664	5,433
<b>Other Income—Net</b>	736	1,413	11,549
<b>Profit before Income Taxes</b>	19,888	20,276	165,644
<b>Income Taxes</b> (Note 10):			
Current	6,186	5,418	44,262
Deferred	267	81	666
<b>Total Income Taxes</b>	6,453	5,499	44,928
<b>Profit</b>	13,435	14,777	120,716
<b>Profit attributable to non-controlling interests</b>	90	197	1,609
<b>Profit attributable to owners of the parent</b>	¥ 13,345	¥ 14,580	\$ 119,107
	Yen		U.S. dollars (Note 1)
	2021	2022	2022
<b>Per Share of Common Stock</b> (Note 2.t):			
Earnings Per Share	¥ 44.92	¥ 49.52	\$ 0.40
Diluted Earnings Per Share	—	—	—
Cash Dividends Applicable to the Year	18.00	18.00	0.15

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries  
Year Ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Profit</b>	¥ 13,435	¥ 14,777	\$ 120,716
<b>Other comprehensive income</b> (Note 18):			
Unrealized gain (loss) on available-for-sale securities	106	(94)	(768)
Deferred gain on derivatives under hedge accounting	299	451	3,684
Foreign currency translation adjustments	(1,815)	1,173	9,589
Remeasurement of defined retirement benefit plans	(350)	124	1,009
Share of other comprehensive income in affiliated companies accounted for using the equity method	12	(7)	(59)
<b>Total other comprehensive (loss) income</b>	(1,748)	1,647	13,455
<b>Comprehensive income</b>	11,687	16,424	134,171
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	¥ 11,520	¥ 16,147	\$ 131,911
Non-controlling interests	167	277	2,260

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries  
Year Ended March 31, 2022

	Millions of yen											
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total	Non-controlling interests	Total equity
						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			
<b>Balance, April 1, 2020</b>	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)
<b>Balance, March 31, 2021</b>	297,170,975	¥10,033	¥132,017	¥ 94,502	¥ —	¥ 38	¥(421)	¥(1,314)	¥(605)	¥234,250	¥1,065	¥235,315
Issuance of new shares	233,237	49	49							98		98
Cash dividends, ¥18.00 per share				(5,332)						(5,332)		(5,332)
Profit attributable to owners of parent				14,580						14,580		14,580
Purchase of treasury shares	(7,104,178)				(3,000)					(3,000)		(3,000)
Changes in the parent's ownership interest due to transactions with non-controlling interests			(173)							(173)	22	(151)
Net change in items other than shareholders' equity						(105)	375	1,172	123	1,565	2	1,567
<b>Balance, March 31, 2022</b>	290,300,034	¥10,082	¥131,893	¥103,750	¥(3,000)	¥(67)	¥ (46)	¥ (142)	¥(482)	¥241,988	¥1,089	¥243,077

	Thousands of U.S. dollars (Note 1)											
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total	Non-controlling interests	Total equity
						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			
<b>Balance, March 31, 2021</b>	297,170,975	\$81,966	\$1,078,488	\$772,010	\$ 0	\$ 308	\$(3,440)	\$(10,739)	\$(4,946)	\$1,913,647	\$8,701	\$1,922,348
Issuance of new shares	233,237	395	395							790		790
Cash dividends, \$0.15 per share				(43,557)						(43,557)		(43,557)
Profit attributable to owners of parent				119,107						119,107		119,107
Purchase of treasury shares	(7,104,178)				(24,508)					(24,508)		(24,508)
Changes in the parent's ownership interest due to transactions with non-controlling interests			(1,414)							(1,414)	183	(1,231)
Net change in items other than shareholders' equity						(859)	3,067	9,589	1,007	12,804	9	12,813
<b>Balance, March 31, 2022</b>	290,300,034	\$82,361	\$1,077,469	\$847,560	\$(24,508)	\$(551)	\$( 373)	\$( 1,150)	\$(3,939)	\$1,976,869	\$8,893	\$1,985,762

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries  
Year Ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Operating Activities:</b>			
Profit before income taxes	¥ 19,888	¥ 20,276	\$ 165,644
Adjustments for:			
Depreciation and amortization (Note 20)	23,323	22,161	181,039
Impairment loss	—	156	1,272
Amortization of goodwill	878	878	7,174
Interest and dividend income	(1,804)	(1,497)	(12,226)
Interest expense	1,269	1,061	8,666
Equity in net gains of affiliated companies	(287)	(243)	(1,982)
Write-down of shares of subsidiaries and associates	427	—	—
Decrease in receivables—trade and affiliated companies	6,136	4,351	35,544
Write-down of investment securities	—	96	787
Gain on sales of non-current assets	—	(230)	(1,881)
(Increase) decrease in broadcasting rights	(771)	1,577	12,883
Decrease (increase) in other receivables	349	(259)	(2,113)
Decrease (increase) in inventories	46,985	(2)	(15)
Increase (decrease) in payables—trade and affiliated companies	764	(396)	(3,234)
Increase (decrease) in deferred revenues	5,220	(1,524)	(12,454)
(Increase) decrease in lease receivables	(46,134)	2,611	21,329
Other—net	3,406	(4,592)	(37,523)
Subtotal	59,649	44,424	362,910
Interest and dividends received	1,938	1,582	12,929
Interest paid	(1,414)	(1,070)	(8,744)
Income taxes paid	(2,224)	(8,429)	(68,857)
Net cash provided by operating activities	57,949	36,507	298,238
<b>Investing Activities:</b>			
Purchases of property and equipment	(11,445)	(6,154)	(50,276)
Purchases of intangible assets	(793)	(2,221)	(18,144)
Purchases of investment securities	(80)	(3,084)	(25,196)
Proceeds from collection of loans receivable	1,168	2,205	18,009
Payments for additional acquisition of shares of affiliated companies	(287)	(38)	(306)
Proceeds from sales of shares of affiliated companies	—	1,182	9,654
Other—net	79	373	3,051
Net cash used in investing activities	(11,358)	(7,737)	(63,208)
<b>Financing Activities:</b>			
Repayments of finance lease obligations	(72)	(11)	(89)
Repayments of long-term loans payable	(6,426)	(7,782)	(63,576)
Redemption of bonds	(5,000)	—	—
Purchase of treasury shares	—	(3,009)	(24,581)
Dividends paid	(5,345)	(5,327)	(43,517)
Dividends paid to non-controlling interests	(36)	(276)	(2,256)
Net cash used in financing activities	(16,879)	(16,405)	(134,019)
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	(121)	355	2,904
<b>Net increase in cash and cash equivalents</b>	29,591	12,720	103,915
<b>Cash and cash equivalents, beginning of year</b>	43,603	73,194	597,941
<b>Cash and cash equivalents, end of year</b>	¥ 73,194	¥ 85,914	\$ 701,856

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries  
Year Ended March 31, 2022

## 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 2021 consolidated financial statements to conform to the classifications used in 2022.

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 ¥122.41 to \$1, the approximate rate of exchange at March 31, 2022. 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, 2022, 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, 2021 and 2022, are summarized below.

	2021	2022
Consolidated subsidiaries	10	8
Affiliated companies:		
Unconsolidated subsidiaries	6	6
Associated companies	19	22

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.

Securities other than equity instruments that do not have a quoted market price in an active market 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.

Equity instruments that do not have a quoted market price in an active market 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.

### 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

## Notes to Consolidated Financial Statements

### 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. Recognition of revenue and expenses

SKY Perfect JSAT Holdings Inc. and its consolidated subsidiaries (the "Group") recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group provides the following goods and services in each reportable segment of Media Business and Space Business.

#### (1) Media Business

The major service under the Media Business is the provision of platforms pertaining to broadcasting and distribution.

The Group develops broadcasting platforms through optical lines, Internet and other various transmission lines centering on SKY PerfectTV! satellite broadcasting. While providing subscribers with broadcasting and distribution, the Group provide platform services, such as customer management service, to broadcasters who operate channels on these platforms. Revenue from these services mainly consists of subscription fee revenue, basic fee revenue, service charge revenue and FTTH business revenue.

As subscription fee revenue and basic fee revenue are transactions of which performance obligations are satisfied over time, the Group recognizes revenue as it provides broadcasting services based on terms and conditions of the broadcasting agreements concluded with subscribers. The consideration for these transactions is received generally within the following month after the billing date. As subscription fee revenue is a transaction in which the Group acts as an agent in the provision of goods and services to subscribers, revenue is recognized on a net basis at an amount of consideration to be received from subscribers less the amount payable to program supply business operators.

As service charge revenue is a transaction in which performance obligations are satisfied over time, the Group recognizes revenue as it provides platform services based on contracts with broadcasters. The Group receives consideration for these transactions generally within the following month after the billing date.

As FTTH business revenue is a transaction in which performance obligations are satisfied over time, the Group recognizes revenue as it provides TV viewing service. The Group receives consideration for these transactions generally within eight months after the provision of the service, mainly via collecting agents. The registration fee to be received at the start of the FLET's service contract of FTTH business is recognized over the estimated average contract period.

#### (2) Space Business

The major service under the Space Business is a satellite telecommunications service.

The Group provides the satellite telecommunications service based on data transmission and reception between ground station facilities via communications satellites in geostationary orbit. The revenue from this service primarily consists of that from a communication related service and a broadcasting-related service.

The communication-related service primarily consists of sale of telecommunication lines and periphery services. As the sale of telecommunication lines, etc. is deemed as a transaction in which performance obligations are satisfied over time, revenue is recognized as the Group provides telecommunication lines. Revenue from the periphery services is recognized either at the time when the delivery of services is completed or as the Group provides services, depending on the details of each contract. The Group receives consideration for these transactions generally within the following month after the billing date.

The broadcasting-related service is primarily the provision of satellite links to broadcasters who operate each channel for multichannel pay TV operations. As this service is deemed as a transaction in which performance obligations are satisfied over time, the Group recognizes revenue as it provides satellite links. The Group charges consideration for these transactions in one lump sum of six to 12 months or in a monthly fee every month, depending on the details of each contract. The consideration is received generally within the following month after the billing date.

Additionally, certain sale of lines, sale of equipment and sale of satellite images are deemed as transactions in which the Group acts as an agent in the provision of goods and services to the users of these services. The revenue is therefore recognized on a net basis at an amount of consideration to be received from the users of these services less the amount payable to the line providers, etc.

The registration fee to be received at the start of the line contracts is recognized over the estimated average contract period.

### p. 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,

## Notes to Consolidated Financial Statements

“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.

The Company and certain domestic consolidated subsidiaries will transition from the consolidated tax payment system to the group tax sharing system from the following consolidated fiscal year. However, with regard to items subjected to the transition to the group tax sharing system established under the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 8 of 2020) and the review conducted of the non-consolidated taxation system in association therewith, the Company and certain domestic consolidated subsidiaries have not applied the provisions set forth in Section 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), instead basing deferred tax asset and deferred tax liability amounts on the provisions set forth in the Income Tax Act prior to its amendment, by virtue of Section 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System”(PITF No. 39, March 31, 2020).

From the beginning of the following consolidated fiscal year, the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021) will be applied, which is a guidance that stipulates practical solutions on the accounting and disclosure of income taxes and local income taxes, as well as tax effect accounting under the group tax sharing system.

### q. 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.

### r. 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.

### s. 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.

### t. 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, 2021 and 2022, were 297,104,383 and 297,421,170, 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, 2021 and 2022.

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.

## 3. SIGNIFICANT ACCOUNTING ESTIMATE

Valuation of equity instruments that do not have a quoted market price in an active market, which are acquired at prices reflecting excess earning power (1) Amounts recorded on the consolidated financial statements

The Group holds 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 ¥4,907 million in the consolidated financial statements for the current consolidated fiscal year. Of these investment securities, ¥1,800 million (¥400 million as of March 31, 2021) of equity instruments that do not have a quoted market price in an active market that were acquired at a price reflecting the excess earning power, etc. were tested for impairment in light of the status of achievement of the investees’ business plans, etc.

### (2) Method of calculation

In the current consolidated fiscal year, the Company assessed the aforementioned equity instruments by comprehensively taking into account the status of achievement of the investees’ business plans, fundraising status, external factors such as operating environment, and other information available to the Company. As a result, actual values of their prices 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.

In regard to the investees in which the Company newly invested in the current consolidated fiscal year, it is

determined that no significant change has occurred to the basis for the investees’ business plans, as the elapsed time since the business plans development is short.

### (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.

## 4. NOTES TO CHANGES IN ACCOUNTING POLICIES

### (1) Application of the Accounting Standard for Fair Value Measurement, etc.

The Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the current consolidated fiscal year, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

The application has no impact on the consolidated financial statements.

### (2) Application of the Accounting Standard for Revenue Recognition, etc.

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the current consolidated fiscal year. The Group recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Accordingly, subscription fee revenue in the Media Business and certain sale of lines, etc. in the Space Business, of which revenue was previously recognized in an aggregate amount to be received from customers, is now considered to be a transaction in which the Group acts as an agent in the provision of goods and services to customers. The Group therefore recognizes revenue from these transactions on a net basis at an

## Notes to Consolidated Financial Statements

amount to be received from customers less the amount payable to other parties concerned.

In addition, revenue from registration fees that was recognized at the start of contracts is now recognized over time by estimating and based on the progress toward complete satisfaction of performance obligations.

The Group applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior consolidated fiscal years is adjusted to retained earnings at the beginning of the current consolidated fiscal year, with the new accounting policies applied from the beginning balance. However, the Group applies the method provided for in Paragraph 86 of the Revenue Recognition Standard, and does not apply the new accounting policies retrospectively to contracts for which substantially all revenue amounts had been recognized prior to the beginning of the current consolidated fiscal year in accordance with the previous treatment.

As a result, in the current consolidated fiscal year, revenues and operating expenses decreased by ¥20,972 million and ¥20,661 million, respectively, and operating profit, ordinary profit and profit before income taxes each decreased by ¥311 million. There is no impact on the beginning balance of retained earnings.

## 5. INVESTMENT SECURITIES

Investment securities as of March 31, 2021 and 2022, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Investment securities:			
Equity securities	¥ 1,817	¥ 4,525	\$ 36,962
Other	261	382	3,123
Total	¥ 2,078	¥ 4,907	\$ 40,085

The costs and aggregate fair values of certain investment securities as of March 31, 2021 and 2022, were as follows:

	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

	Millions of yen			
	2022			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale				
Equity securities	¥ 1,998	¥ 90	¥ 224	¥ 1,864
Total	¥ 1,998	¥ 90	¥ 224	¥ 1,864

	Thousands of U.S. dollars			
	2022			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale				
Equity securities	\$ 16,321	\$ 736	\$ 1,827	\$ 15,230
Total	\$ 16,321	\$ 736	\$ 1,827	\$ 15,230

The breakdown of available-for-sale securities, which were sold during the years ended March 31, 2021 and 2022, is as follows:

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

	Millions of yen		
	2022		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	¥ 5	¥ 3	—
Total	¥ 5	¥ 3	—

	Thousands of U.S. dollars		
	2022		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	\$ 41	\$ 24	—
Total	\$ 41	\$ 24	—

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

Write-downs of available-for-sale securities for the year ended March 31, 2022, were ¥96 million (\$787 thousand).

## 6. LONG-TERM DEBT

Long-term debt as of March 31, 2021 and 2022, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Long-term debt:			
Unsecured 0.564% yen bonds, due 2022, and 0.927% yen bonds, due 2025	¥ 15,000	¥ 15,000	\$ 122,539
Government-owned banks, maturing serially through 2031, annual interest rates of 0.55%–1.34% at March 31, 2021, and 0.53%–1.34% at March 31, 2022	13,690	12,674	103,537
Banks and insurance companies, maturing serially through 2031, annual interest rates of 0.58%–2.5% at March 31, 2021, and 0.57%–2.5% at March 31, 2022	62,269	57,678	471,186
Total	90,959	85,352	697,262
Less current portion	7,718	13,708	111,983
Long-term debt, less current portion	¥ 83,241	¥ 71,644	\$ 585,279

Annual maturities of long-term debt as of March 31, 2022, were as follows:

	Millions of yen	Thousands of U.S. dollars
	2022	2022
Years ending March 31:		
2023	¥ 13,708	\$ 111,983
2024	10,124	82,707
2025	9,679	79,074
2026	21,346	174,383
2027	7,780	63,557
Thereafter	22,715	185,558
Total	¥ 85,352	\$ 697,262

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, 2021 and 2022, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Lines of credit	¥ 15,289	¥ 13,200	\$ 107,834
Credit utilized	—	—	—
Available credit	¥ 15,289	¥ 13,200	\$ 107,834

Assets pledged as collateral as of March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Cash and cash equivalents	¥ 1,490	¥ 1,935	\$ 15,804
Accounts receivable—trade	52,435	47,528	388,280
Lease receivables	2,532	2,291	18,712
“Other” under current assets	576	522	4,261
Total	¥ 57,033	¥ 52,276	\$ 427,057

(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, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Current portion of long-term loans payable	¥ 4,952	¥ 4,952	\$ 40,451
Long-term loans payable	47,040	42,088	343,835
Total	¥ 51,992	¥ 47,040	\$ 384,286

## 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.



## Notes to Consolidated Financial Statements

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, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Balance at the beginning of the year	¥ 5,607	¥ 6,298	\$ 51,447
Current service cost	405	431	3,520
Interest cost	27	30	248
Actuarial gains	27	(126)	(1,027)
Benefits paid	(269)	(521)	(4,258)
Past service cost	501	22	178
Balance at the end of the year	¥ 6,298	¥ 6,134	\$ 50,108

Changes in defined benefit liabilities calculated using the simplified method for the years ended March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Balance at the beginning of the year	¥ 417	¥ 456	\$ 3,728
Periodic benefit cost	53	52	424
Benefit paid	(14)	(49)	(398)
Balance at the end of the year	¥ 456	¥ 459	\$ 3,754

A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation as of March 31, 2021 and 2022, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Unfunded defined benefit obligation	¥ 6,754	¥ 6,593	\$ 53,862
Net liability for defined benefit obligation	¥ 6,754	¥ 6,593	\$ 53,862

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Liabilities for retirement benefits	¥ 6,754	¥ 6,593	\$ 53,862
Net liability for defined benefit obligation	¥ 6,754	¥ 6,593	\$ 53,862

Components of net periodic benefit costs for the years ended March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Service cost	¥ 405	¥ 431	\$ 3,520
Interest cost	27	30	248
Recognized actuarial losses	39	37	304
Amortization of prior service cost	(15)	37	302
Periodic benefit cost under the simplified method	53	52	424
Net periodic benefit costs	¥ 509	¥ 587	\$ 4,798

Amounts recognized in other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Actuarial losses	¥ 12	¥ 163	\$ 1,331
Prior service cost	(516)	15	124
Total	¥ (504)	¥ 178	\$ 1,455

Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Unrecognized actuarial losses	¥ (388)	¥ (225)	\$ (1,837)
Unrecognized prior service cost	(485)	(470)	(3,840)
Total	¥ (873)	¥ (695)	\$ (5,677)

Assumptions used for the years ended March 31, 2021 and 2022, were set forth as follows:

	2021	2022
Discount rate	0.4–0.5%	0.6%

The amounts of contributions to the multi-employer defined benefit corporate pension plan were ¥176 million for the year ended March 31, 2020, and ¥180 million for the year ended March 31, 2021.

The funded status of the multi-employer defined benefit corporate pension plan as of March 31, 2020 (available information as of March 31, 2021) and 2021 (available information as of March 31, 2022), to which contributions were recorded as net periodic retirement benefit costs, was as follows:

	Millions of yen	
	2020	2021
Fair value of plan assets	¥ 30,857	¥ 34,755
Pension benefit obligation recorded	37,285	38,940
Difference	¥ (6,428)	¥ (4,185)

The Companies' contribution percentages for the multi-employer defined benefit corporate pension plan as of March 31, 2020 and 2021, were 5.8% and 5.9%, respectively.

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 difference for the year ended March 31, 2021, mainly resulted from prior service costs of ¥9,747 million and adjustments of voluntary reserve of ¥5,562 million. Prior service cost is amortized over 12 years. The Companies recorded special contributions of ¥60 million as expenses in the consolidated financial statements in the fiscal year ended March 31, 2021.

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, 2021, amounting to ¥6 million was 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.

There were no liabilities for severance payments under the directors' unfunded severance indemnity plans as of March 31, 2022.

## 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 five to 50 years after acquisition.

Changes in asset retirement obligations for the years ended March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Balance at the beginning of the year	¥ 2,312	¥ 2,323	\$ 18,978
Additional provisions associated with the acquisition of property and equipment	17	9	72
Reconciliation associated with passage of time	36	36	292
Reduction associated with settlement of asset retirement obligations	(27)	(11)	(89)
Other	(15)	(5)	(40)
Balance at the end of the year	¥ 2,323	¥ 2,352	\$ 19,213

## 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

## Notes to Consolidated Financial Statements

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 for the year ended March 31, 2021 and ¥49 million (\$395 thousand) for the year ended March 31, 2022.

## 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, 2021 and 2022.

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Deferred tax assets:			
Depreciation	¥ 4,029	¥ 3,295	\$ 26,919
Liabilities for retirement benefits	2,078	2,025	16,542
Accounts receivable	124	1,079	8,818
Asset retirement obligations	719	726	5,927
Tax loss carryforwards (Note 2)	1,554	521	4,257
Deferred gain on derivatives under hedge accounting	427	312	2,549
Other	3,183	3,150	25,736
Total of tax loss carryforwards and temporary differences	12,114	11,108	90,748
Less valuation allowance for tax loss carryforwards	(1,397)	(521)	(4,257)
Less valuation allowance for temporary differences	(1,120)	(1,107)	(9,040)
Total valuation allowance (Note 1)	(2,517)	(1,628)	(13,297)
Deferred tax assets	9,597	9,480	77,451
Deferred tax liabilities:			
Depreciation in foreign subsidiaries	(695)	(898)	(7,340)
Asset retirement obligations	(284)	(242)	(1,980)
Other	(162)	(204)	(1,671)
Deferred tax liabilities	(1,141)	(1,344)	(10,991)
Net deferred tax assets	¥ 8,456	¥ 8,136	\$ 66,460

(Note 1) Total valuation allowance decreased by ¥889 million mainly due to extinction of valuation allowance for tax loss carryforwards.

(Note 2) The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2021 and 2022, were as follows:

	Millions of yen						Total
	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	
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

	Millions of yen						Total
	2022						
	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	
Deferred tax assets relating to tax loss carryforwards (*)	¥ 41	¥ 43	¥ 44	¥ 46	¥ 92	¥ 255	¥ 521
Less valuation allowances for tax loss carryforwards	(41)	(43)	(44)	(46)	(92)	(255)	(521)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	—	—

	Thousands of U.S. dollars						Total
	2022						
	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	
Deferred tax assets relating to tax loss carryforwards (*)	\$ 335	\$ 349	\$ 362	\$ 379	\$ 756	\$ 2,076	\$ 4,257
Less valuation allowances for tax loss carryforwards	(335)	(349)	(362)	(379)	(756)	(2,076)	(4,257)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	—	—

(\*) 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, 2021 and 2022, is as follows:

	2021	2022
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.2	0.2
Change in valuation allowance	1.0	(4.2)
Amortization of goodwill	1.4	1.3
Share of profit or loss of investments accounted for using the equity method	(0.4)	(0.4)
Other	(0.4)	(0.4)
Actual effective tax rate	32.4%	27.1%

## 11. REVENUE

(1) Information on disaggregation of revenue

The Group disaggregates revenue from contracts with customers by type of service, based on the contracts with customers.

Relation between the disaggregated revenue and segment revenues for the year ended March 31, 2022, was as follows:

Segment	Type of major goods or services	Millions of yen	Thousands of U.S. dollars
		2022	2022
Media Business	Subscription fees (Note 1)	¥ 18,325	\$ 149,702
	Service charge	15,723	128,447
	Basic fees	11,468	93,683
	FTTH business	8,271	67,571
	Other	13,527	110,500
	Total	67,314	549,903
	Communications	44,546	363,909
Space Business	Broadcasting	7,773	63,502
	Total	52,319	427,411
Sales to external customers (Note2)		¥ 119,633	\$ 977,314

(Note 1) The amount of total consideration received from subscribers less the amount payable to program supply business operators is recognized as revenue.

(Note 2) Sales to external customers includes net sales of ¥5,465 million (\$44,649 thousand) arising from sources other than "Revenues from contracts with customers."

(2) Basic information to understand revenues from contracts with customers

The information is as described in Note 2. o.

## Notes to Consolidated Financial Statements

(3) Basic information to understand revenues from contracts with customers in the current fiscal year and the next fiscal year onward

i) Contract balances

Receivables from contract with customers and contract liabilities at the beginning and end of the year are as follows:

	Millions of yen	Thousands of U.S. dollars
	2022	2022
Receivables from contracts with customers:		
Balance at beginning of year	¥ 67,748	\$ 553,448
Balance at end of year	63,494	518,702
Contract liabilities:		
Balance at beginning of year	12,548	102,507
Balance at end of year	10,994	89,816

Contract liabilities primarily consist of advance consideration received from customers of communications service in the Space business. These contract liabilities are transferred to revenue at the time when the Group satisfies obligations based on relevant contracts. Contract liabilities are included in "unearned revenues" and "other" under current liabilities and "other" under non-current liabilities on the consolidated balance sheet.

Of the amount of revenue recognized during the current fiscal year, an amount that was included in contract liabilities as of the beginning of the consolidated fiscal year was ¥4,005 million (\$32,716 thousand).

Major factors for the changes in contract liabilities during the current fiscal year are an increase due to the receipt of consideration and a decrease due to recognition of revenue. In the current fiscal year, there was no revenue recognized from performance obligations that were satisfied in previous fiscal years.

ii) Transaction prices allocated to remaining performance obligations

The Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not disclose contracts with an original expected duration of one year or less. Transaction prices allocated to the remaining performance obligations is ¥136,636 million (\$1,116,219 thousand) at the end of the current consolidated fiscal year. These obligations mainly pertain to significant long-term contracts in the Space business, and are expected to be recognized for the next one to 22 years.

## 12. LEASES

### a. Finance Lease

As lessor:

Annual maturities of lease receivables are as follows:

	Millions of yen	Thousands of U.S. dollars
	2022	2022
Years ending March 31:		
2023	¥ 2,927	\$ 23,910
2024	3,041	24,843
2025	3,150	25,736
2026	3,196	26,111
2027	3,104	25,358
Thereafter	31,016	253,376
Total	¥ 46,434	\$ 379,334

### b. Operating Lease

As lessee:

The minimum rental commitments under noncancelable operating leases as of March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Due within one year	¥ 1,688	¥ 1,233	\$ 10,072
Due after one year	1,924	821	6,708
Total	¥ 3,612	¥ 2,054	\$ 16,780

## 13. COST OF SERVICES

Write-down of inventories and other assets, which were charged to cost of services for the years ended March 31, 2021 and 2022, amounted to ¥122 million and ¥11 million (\$87 thousand), respectively.

## 14. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Major components of selling, general, and administrative expenses for the years ended March 31, 2021 and 2022, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Salaries and wages	¥ 4,978	¥ 5,050	\$ 41,251
Provision for accrued bonuses	482	378	3,090
Net periodic benefit costs	305	347	2,836
Advertising expenses	6,476	5,937	48,497
Sales promotion expenses	2,748	3,327	27,181
Sales incentives	592	371	3,032
Subcontracting fees	7,474	7,408	60,514
Provision for doubtful accounts	282	16	130
Research and development expenses	236	388	3,166
Other	9,800	9,245	75,536
Total	¥ 33,373	¥ 32,467	\$ 265,233

## 15. IMPAIRMENT LOSS

The asset groups for which the Company and its subsidiaries recognized impairment loss for the years ended March 31, 2021 and 2022, were as follows:

Use	Location	Type of assets	Millions of yen		Thousands of U.S. dollars
			2021	2022	2022
Idle assets	Koto-ku, Tokyo	Software	¥ —	¥ 156	\$ 1,272

## 16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 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.

### 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.

The fair values of "Cash and cash equivalents," "Accounts payable," "Income taxes payable" and "Subscription fees received" are not disclosed because they are in cash and are to be settled in a short period of time, so their fair values approximate their carrying values.

## Notes to Consolidated Financial Statements

## Fair value of financial instruments:

	Millions of yen			Millions of yen		
	2021			2022		
	Carrying amount	Fair value	Unrealized gain/loss	Carrying amount	Fair value	Unrealized gain/loss
Accounts receivable	¥ 68,363			¥ 64,369		
Allowance for doubtful accounts	(390)			(163)		
Net	¥ 67,973	¥ 69,734	¥ 1,761	¥ 64,206	¥ 65,407	¥ 1,201
Lease receivables	49,045	49,616	571	46,434	46,629	195
Investment in and advances to affiliated companies:						
Current portion of advances				2,832	2,832	—
Investment securities:						
Available-for-sale securities	2,077	2,077	—	1,864	1,864	—
Investment in and advances to affiliated companies:						
Advances	529	529	—	14,368	14,368	—
Investment in and advances to affiliated companies:						
Advances	15,480	15,480	—	14,368	14,368	—
Total	135,104	137,436	2,332	129,704	131,100	1,396
Current portion of long-term debt:						
Current portion of bonds payable				5,000	5,003	3
Current portion of long-term loans payable	7,718	7,729	11	8,708	8,718	10
Long-term debt:						
Bonds payable	15,000	15,272	272	10,000	10,158	158
Long-term loans payable	68,241	69,609	1,368	61,644	62,613	969
Total	90,959	92,610	1,651	85,352	86,492	1,140
Derivative transactions	¥ (908)	¥ (908)	¥ —	¥ (271)	¥ (271)	¥ —

	Thousands of U.S. dollars			Thousands of U.S. dollars		
	2022			2022		
	Carrying amount	Fair value	Unrealized gain/loss	Carrying amount	Fair value	Unrealized gain/loss
Accounts receivable	\$ 525,851			\$ 525,851		
Allowance for doubtful accounts	(1,329)			(1,329)		
Net	\$ 524,522	\$ 534,334	\$ 9,812	\$ 524,522	\$ 534,334	\$ 9,812
Lease receivables	379,334	380,928	1,594	379,334	380,928	1,594
Investment in and advances to affiliated companies:						
Current portion of advances				23,132	23,132	—
Investment securities:						
Available-for-sale securities	15,230	15,230	—	15,230	15,230	—
Investment in and advances to affiliated companies:						
Advances	117,374	117,374	—	117,374	117,374	—
Total	1,059,592	1,070,998	11,406	1,059,592	1,070,998	11,406
Current portion of long-term debt:						
Current portion of bonds payable				40,846	40,872	26
Current portion of long-term loans payable	71,137	71,220	83	71,137	71,220	83
Long-term debt:						
Bonds payable	81,693	82,986	1,293	81,693	82,986	1,293
Long-term loans payable	503,586	511,502	7,916	503,586	511,502	7,916
Total	697,262	706,580	9,318	697,262	706,580	9,318
Derivative transactions	\$ (2,217)	\$ (2,217)	\$ —	\$ (2,217)	\$ (2,217)	\$ —

Carrying amount of financial instruments whose fair value cannot be reliably determined as of March 31, 2021 and carrying amount of equity instruments that do not have a quoted market price in an active market as of March 31, 2022:

	Carrying amount		
	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars
	2021	2022	2022
Investment in affiliated companies	¥ 16,395	¥ 16,223	\$ 132,530
Investment in equity instruments that do not have a quoted market price in an active market	1,288	2,661	21,732
Investments in partnerships	261	382	3,123
Total	¥ 17,944	¥ 19,266	\$ 157,385

Maturity analysis for financial assets and securities with contractual maturities:

	Millions of yen			
	2022			
	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	¥ 18,999	¥ —	¥ —	¥ —
Accounts receivable	22,608	19,652	22,109	—
Lease receivables	2,927	12,492	18,133	12,882
Investment in and advances to affiliated companies:				
Current portion of advances	2,832	—	—	—
Advances	—	14,368	—	—
Total	¥ 47,366	¥ 46,512	¥ 40,242	¥ 12,882

	Thousands of U.S. dollars			
	2022			
	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	\$ 155,209	\$ —	\$ —	\$ —
Accounts receivable	184,696	160,544	180,611	—
Lease receivables	23,910	102,049	148,136	105,239
Investment in and advances to affiliated companies:				
Current portion of advances	23,132	—	—	—
Advances	—	117,374	—	—
Total	\$ 386,947	\$ 379,967	\$ 328,747	\$ 105,239

## Notes to Consolidated Financial Statements

## Financial instruments categorized by fair value hierarchy:

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	¥ 1,864	¥ —	¥ —	¥ 1,864
Derivative transactions				
Currency-related	—	441	—	441
Total assets	1,864	441	—	2,305
Derivative transactions				
Interest rate-related	—	712	—	712
Total liabilities	¥ —	¥ 712	¥ —	¥ 712
	Thousands of U.S. dollars			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	\$ 15,230	\$ —	\$ —	\$ 15,230
Derivative transactions				
Currency-related	—	3,601	—	3,601
Total assets	15,230	3,601	—	18,831
Derivative transactions				
Interest rate-related	—	5,818	—	5,818
Total liabilities	\$ —	\$ 5,818	\$ —	\$ 5,818

(2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

	Millions of yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable—trade	¥ —	¥ 65,407	¥ —	¥ 65,407
Lease receivables	—	46,629	—	46,629
Short-term loans receivable	—	2,832	—	2,832
Long-term loans receivable	—	14,368	—	14,368
Total assets	—	129,236	—	129,236
Current portion of bonds payable	—	5,003	—	5,003
Current portion of long-term loans payable	—	8,718	—	8,718
Bonds payable	—	10,158	—	10,158
Long-term loans payable	—	62,613	—	62,613
Total liabilities	¥ —	¥ 86,492	¥ —	¥ 86,492

	Thousands of U.S. dollars			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable—trade	\$ —	\$ 534,334	\$ —	\$ 534,334
Lease receivables	—	380,928	—	380,928
Short-term loans receivable	—	23,132	—	23,132
Long-term loans receivable	—	117,374	—	117,374
Total assets	—	1,055,768	—	1,055,768
Current portion of bonds payable	—	40,872	—	40,872
Current portion of long-term loans payable	—	71,220	—	71,220
Bonds payable	—	82,986	—	82,986
Long-term loans payable	—	511,502	—	511,502
Total liabilities	\$ —	\$ 706,580	\$ —	\$ 706,580

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment securities

Available-for-sale securities are listed equity securities only, and are measured at the quoted market prices. As

listed equity securities are traded in active markets, their fair values are classified as Level 1.

Derivative transactions

Derivative transactions are interest rate swaps and forward exchange contracts. As the fair value of derivatives is determined based on the prices provided by the financial institutions, their fair value is classified as Level 2. Since derivatives to which special treatment for interest rate swaps is applied are treated together with long-term loans payable that are deemed as hedged items, their fair value is included in the fair value of long-term loans payable.

Accounts receivable – trade and Lease receivables

As the fair values of receivables with a longer collection period are stated at present value, which is determined by categorizing receivables by a certain period and discounting them at the rate that incorporates the period to maturity and credit risk, their fair values are classified as Level 2. The carrying amounts of these receivables with a short collection period approximate their fair values.

Short-term loans receivable and Long-term loans receivable

The fair value of short-term loans receivable and long-term loans receivable is determined based on the present value as calculated by categorizing the loans by a certain period and discounting the aggregate value of the principal and interest using an interest rate equal to an appropriate index such as the yield of government bonds plus the credit spread. Their fair value is therefore classified as Level 2. These receivables are extended at floating interest rates that reflect market interest rates within a short period, and accordingly, their fair values approximate the carrying amounts, as the credit standing of borrowers has not changed significantly from the time they were extended those loans.

Current portion of bonds payable and Bonds payable

As the fair value of bonds payable is determined based on the present value as calculated by discounting the aggregate value of the principal and interest using an interest rate for the remaining period and reflecting credit risk of the applicable bond, its fair value is classified as Level 2.

Current portion of long-term loans payable and Long-term loans payable

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 and discounting the aggregate value of the principal and interest (for long-term loans payable that are subject to special treatment for interest rate swaps, the aggregate value of the principal and interest using the rate of the interest swaps) using an interest rate for similar new loans. Their fair values are therefore classified as Level 2. The carrying amounts of the current portion of long-term loans payable and long-term loans payable with floating interest rates approximate their fair values 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.

## 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, 2021 and 2022, were as follows:

	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)

## Notes to Consolidated Financial Statements

Millions of yen				
2022				
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign exchange forward contracts				
Buying U.S. dollars	¥ 87	¥ —	¥ 9	¥ 9

Millions of U.S. dollars				
2022				
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign exchange forward contracts				
Buying U.S. dollars	\$ 708	\$ —	\$ 71	\$ 71

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, 2021 and 2022, were as follows:

Millions of yen				
2021				
Hedged item	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. s)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	¥ 28,700	¥ 25,967	¥ —

Millions of yen				
2022				
Hedged item		Contract amount	Contract amount due after one year	Fair value
Foreign exchange forward contracts				
Buying U.S. dollars	Forecasted foreign currency transactions	¥ 478	¥ —	¥ 49
Buying euro	Forecasted foreign currency transactions	8,913	2,432	383
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	20,975	18,767	(712)
Method of hedge accounting: Special treatment (Note 2. s)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	¥ 25,967	¥ 23,233	¥ —

Thousands of U.S. dollars				
2022				
Hedged item		Contract amount	Contract amount due after one year	Fair value
Foreign exchange forward contracts				
Buying U.S. dollars	Forecasted foreign currency transactions	\$ 3,902	\$ —	\$ 401
Buying euro	Forecasted foreign currency transactions	72,816	19,870	3,129
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	171,347	153,311	(5,819)
Method of hedge accounting: Special treatment (Note 2. s)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	\$ 212,129	\$ 189,799	\$ —

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, 2021 and 2022, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities			
Gains (losses) arising during the year	¥ 150	¥ (179)	\$ (1,458)
Amount before income tax effect	150	(179)	(1,458)
Income tax effect	(44)	85	690
Total	106	(94)	(768)
Deferred gain on derivatives under hedge accounting			
Gains arising during the year	395	782	6,386
Reclassification adjustments to profit or loss	23	22	184
Amounts transferred to the initial carrying amounts of hedged items	13	(154)	(1,261)
Amount before income tax effect	431	650	5,309
Income tax effect	(132)	(199)	(1,625)
Total	299	451	3,684
Foreign currency translation adjustments	(1,815)	1,173	9,589
Remeasurement of defined retirement benefit plans			
(Losses) gains arising during the year	(527)	104	849
Reclassification adjustments to profit or loss	23	75	606
Amount before income tax effect	(504)	179	1,455
Income tax effect	154	(55)	(446)
Total	(350)	124	1,009
Share of other comprehensive income in affiliated companies accounted for using the equity method			
Gains arising during the year	15	12	98
Reclassification adjustments to profit or loss	—	(10)	(82)
Amounts transferred to the initial carrying amounts of hedged items	(3)	(9)	(75)
Total	12	(7)	(59)
Total other comprehensive income	¥ (1,748)	¥ 1,647	\$ 13,455

## Notes to Consolidated Financial Statements

## 19. RELATED-PARTY DISCLOSURES

## 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
Correction of loans receivable	¥ 1,168
Receipt of interest	¥ 590

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

	Millions of yen
Current portion of long-term loans receivable	¥ 2,077
Long-term loans receivable	¥ 15,480
Current assets—other	¥ 62

## Year Ended March 31, 2022

Transactions of the Companies with affiliated companies for the year ended March 31, 2022, were as follows:

	Millions of yen	Thousands of U.S. dollars
Correction of loans receivable	¥ 2,205	\$ 18,009
Receipt of interest	¥ 401	\$ 3,272

The balances due to or from the Companies with affiliated companies at March 31, 2022, were as follows:

	Millions of yen	Thousands of U.S. dollars
Current portion of long-term loans receivable	¥ 2,832	\$ 23,132
Long-term loans receivable	¥ 14,368	\$ 117,374
Current assets—other	¥ 60	\$ 494

## 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 and streaming services via communication satellites and fiber-optic networks. The Space Business offers satellite circuits 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.

As described in Note 4, "Notes to changes in accounting policies" because the Company applied the "Revenue Recognition Standard" and other standards from the beginning of the current consolidated fiscal year, and changed accounting method accounting revenue recognition, the Company also changed methods of measurement for profits or losses.

By the above changes, in the current consolidated fiscal year for each reportable segment, revenues, operating profit and segment profit decreased by ¥17,722 million, ¥306 million and ¥212 million, respectively, in Media Business, and decreased by ¥3,250 million, ¥5 million, and ¥4 million, respectively, in Space Business, compared to previous methods.

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

	Millions of yen			
	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

Note 1. Reconciliation is as follows:

- (1) Segment profit of ¥(501) million consists of ¥1 million of intersegment sales and ¥(502) 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 ¥76,358 million consist of ¥(450) million of intersegment assets and ¥76,808 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 ¥363 million represents depreciation of corporate assets not allocated to each reportable segment.
- (4) An increase in property and equipment and intangible assets of ¥179 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			
	2022			
	Media Business	Space Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	¥ 67,314	¥ 52,319	¥ —	¥ 119,633
Intersegment sales or transfers	3,134	7,181	(10,315)	—
Total	70,448	59,500	(10,315)	119,633
Operating profit	¥ 3,741	¥ 15,868	¥ (746)	¥ 18,863
Segment profit (profit attributable to owners of the parent)	2,749	12,299	(468)	14,580
Segment assets	46,179	243,019	88,969	378,167
Other:				
Depreciation and amortization	7,321	14,414	426	22,161
Amortization of goodwill	—	878	—	878
Investment in affiliated companies accounted for using the equity method	3,978	12,245	—	16,223
Increase in property and equipment and intangible assets	4,035	3,292	185	7,512

	Thousands of U.S. dollars			
	2022			
	Media Business	Space Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	\$ 549,903	\$ 427,411	\$ —	\$ 977,314
Intersegment sales or transfers	25,600	58,662	(84,262)	—
Total	575,503	486,073	(84,262)	977,314
Operating profit	\$ 30,561	\$ 129,628	\$ (6,094)	\$ 154,095
Segment profit (profit attributable to owners of the parent)	22,458	100,473	(3,824)	119,107
Segment assets	377,250	1,985,288	726,807	3,089,345
Other:				
Depreciation and amortization	59,806	117,750	3,483	181,039
Amortization of goodwill	—	7,174	—	7,174
Investment in affiliated companies accounted for using the equity method	32,501	100,029	—	132,530
Increase in property and equipment and intangible assets	32,961	26,893	1,517	61,371

Note 1. Reconciliation is as follows:

- (1) Segment profit of ¥(468) million (\$ (3,824) thousand) consists of ¥(2) million (\$ (14) thousand) of intersegment sales and ¥(466) million (\$ (3,810) 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 ¥88,969 million (\$726,807 thousand) consist of ¥(368) million (\$ (3,009) thousand) of intersegment assets and ¥89,337 million (\$729,816 thousand) 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 ¥426 million (\$3,483 thousand) represents depreciation of corporate assets not allocated to each reportable segment.
- (4) An increase in property and equipment and intangible assets of ¥185 million (\$1,517 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, 2021 and 2022.

## (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, 2021 and 2022.

## 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, 2021 and 2022.

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

Information about impairment losses as of March 31, 2021 and 2022, is as follows:

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

	Millions of yen			
	2022			
	Media Business	Space Business	Reconciliations	Consolidated
Impairment losses	¥ 156	¥ —	¥ —	¥ 156

	Thousands of U.S. dollars			
	2022			
	Media Business	Space Business	Reconciliations	Consolidated
Impairment losses	\$ 1,272	\$ —	\$ —	\$ 1,272

## Information about goodwill and its amortization:

Information about goodwill and its amortization as of March 31, 2021 and 2022, is as follows:

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

	Millions of yen			
	2022			
	Media Business	Space Business	Reconciliations	Consolidated
Amortization of goodwill	¥ —	¥ 878	¥ —	¥ 878
Goodwill as of March 31, 2022	—	67	—	67

	Thousands of U.S. dollars			
	2022			
	Media Business	Space Business	Reconciliations	Consolidated
Amortization of goodwill	\$ —	\$ 7,174	\$ —	\$ 7,174
Goodwill as of March 31, 2022	—	548	—	548

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

There is no applicable information for the fiscal years ended March 31, 2021 and 2022.



## Notes to Consolidated Financial Statements

### 21. SUBSEQUENT EVENTS

#### Appropriations of Retained Earnings

The following appropriation of retained earnings as of March 31, 2022, was approved at the Board of Directors' meeting held on April 28, 2022:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividend, ¥9 (\$0.07) per share	¥ 2,613	\$ 21,344

#### Establishment of a joint venture

Based on a resolution of the Board of Directors meeting held on April 25, 2021, SKY Perfect JSAT Corporation, a consolidated subsidiary of the Company, signed a contract with NTT Corporation (hereinafter, "NTT") to establish a joint venture company that will launch a novel integrated space computing network to aid the realization of a sustainable society.

##### (1) Purpose

There is an urgent need to ensure the sustainability of economic and social activity. This makes it all the more important to effectively and fully utilize stratospheric and near-Earth space for ICT infrastructures. This involves creating ICT infrastructure that support a number of fields, including energy, environment and climate change, disaster prevention, marine infrastructure, and security. In addition, as represented by the ARTEMIS program (human space flight (lunar landing) program funded by the United States government), public and private sectors in many countries are cooperating to extend human activities not only to near-Earth space, but also to the Moon, Mars, and other bodies.

NTT and SKY Perfect JSAT Corporation have agreed to establish a joint venture company to expand the utilization of space by mankind, building on the knowledge they have gained over many years spent on technological development and in commercial activity as terrestrial and space infrastructure companies.

The joint venture is a tangible step forward toward building the space integrated computing network (a new ICT infrastructure in space that integrates HAPSs, geostationary orbit satellites, and low earth orbit satellites, connects them to the ground using an optical wireless network, and enhances various forms of data processing using distributed computing) that two companies seek to realize. By taking on the challenge of creating new infrastructure, starting with the optical and wireless communication network to be built in space and the mobile network to be built in the stratosphere, the joint venture will contribute to the development of the global space industry and the realization of a sustainable society.

##### (2) Outline of the joint venture to be established

Name	Space Compass Corporation	
Business activities	Business planning and development, and provision of services related to space data centers, space RAN, etc.	
Establishment date	July 2022 (planned)	
Capital at the establishment	6 billion yen (including capital reserve) (planned)*	
Shareholders and shareholding ratio	NTT Corporation	50%
	SKY Perfect JSAT Corporation	50%

\* Scheduled to be increased to 18 billion yen based on the joint-venture contract.

##### (3) Number of shares to be acquired, acquisition price and shareholding ratio after the acquisition

Number of shares to be acquired	3,000 shares
Acquisition price	3 billion yen
Ownership ratio after the acquisition	50%

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SKY Perfect JSAT Holdings Inc.:

#### Opinion

We have audited the consolidated financial statements of SKY Perfect JSAT Holdings Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Recognition of the revenue from the media business, which is recorded based on a Customer Relationship Management system	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>Of the revenue from the media business, the basic fees and viewing fees from SKY PerfectTV! Subscribers and the handling fees from the subcontracted broadcasters who operate the channels (hereinafter "Subscription-based Revenue") amounted to 67.3 billion yen in total. The Subscription-based Revenue is recognized based on an internally developed large-scale Client Management (hereinafter, "CM") system, and accounts for 56% of the total operating revenue of the Group.</p> <p>A large amount of transaction data with customers is calculated automatically based on a program defined in advance using customer and product information registered on the CM system. These transaction data are interfaced to the accounting system, meaning that the CM system handles all of the data that is the basis for recording Subscription-based Revenue.</p> <p>The transactions rely heavily on the CM system, which limits the availability of supporting evidence. As a result, there is a risk that the reliability of revenue recognition may be impaired if access privileges, data corrections, program changes, and interface to the accounting system are not appropriately managed and controlled for the CM system.</p> <p>Given the quantitative significance of Subscription-based Revenue to the total consolidated operating revenue and the highly automated nature of the transactions, we determined that this matter was a key audit matter.</p>	<p>We performed the following analyses to investigate if there was any unusual fluctuation:</p> <ul style="list-style-type: none"> <li>• Monthly trend analysis of subscriber count, amounts received from subscribers and Subscription-based Revenue and such.</li> <li>• Monthly trend analysis of the actual rate of losses from bad debts related to receivables from subscribers.</li> </ul> <p>We performed a combination of the following procedures, including the test of IT systems, for a set of processes to recognize operating revenue.</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of internal controls over provisioning, removing and periodic reviewing of access privileges.</li> <li>• We tested the effectiveness of internal controls over requests and approvals for data correction and program changes.</li> <li>• We tested the effectiveness of internal controls over monitoring database access and automatic detection of program changes.</li> <li>• We tested the effectiveness of internal controls over registration of IC card IDs and other information into the CM system, which is mandatory, such as checking for errors to prevent duplicate registration of IC card IDs and other information.</li> <li>• We tested the effectiveness of internal controls over addressing the accuracy and completeness of registration of product information into the product master file.</li> <li>• We tested the effectiveness of internal controls over the generation of invoice data for both subscribers and subcontracted broadcasters based on contract information registered into the CM system and the automatic calculation of Subscription-based Revenue based on the predefined program.</li> <li>• We tested the accuracy and completeness of the ledgers related to Subscription-based Revenue generated from the CM system. We also tested that Subscription-based Revenue on the ledgers matched the corresponding revenue recorded in the accounting system.</li> <li>• We inspected subscriber payment evidence obtained from credit card companies and payment agents.</li> </ul>

**Other Information**

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the SKY Perfect JSAT report 2022, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Deloitte Touche Tohmatsu LLC*

October 20, 2022



## **SKY Perfect JSAT Holdings Inc.**

8-1, Akasaka 1-chome, Minato-ku, Tokyo 107-0052, Japan  
<https://www.skyperfectjsat.space/en/>  
Code 9412