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
ASSETS			
Current Assets:			
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
Total current assets	199,670	206,321	1,685,495
Property and Equipment:			
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
Total property and equipment	375,286	344,863	2,817,275
Accumulated depreciation	(241,332)	(225,708)	(1,843,867)
Net property and equipment	133,954	119,155	973,408
Investments and Other Assets:			
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)	—	—
Total investments and other assets	51,944	52,691	430,442
Total	¥ 385,568	¥ 378,167	$ 3,089,345

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
LIABILITIES AND EQUITY			
Current Liabilities:			
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
Total current liabilities	55,013	51,702	422,365
Non-current Liabilities:			
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
Total non-current liabilities	95,240	83,388	681,218
Commitments and Contingent Liabilities (Notes 12 and 17):			
Equity (Note 9):			
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)
Total	234,250	241,988	1,976,869
Non-controlling interests	1,065	1,089	8,893
Total equity	235,315	243,077	1,985,762
Total	¥ 385,568	¥ 378,167	$ 3,089,345

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
Revenues (Notes 2.o, 11 and 20)	¥ 139,572	¥ 119,633	$ 977,314
Operating Expenses:			
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
Operating Profit (Note 20)	19,152	18,863	154,095
Other Income (Expenses):			
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
Other Income—Net	736	1,413	11,549
Profit before Income Taxes	19,888	20,276	165,644
Income Taxes (Note 10):			
Current	6,186	5,418	44,262
Deferred	267	81	666
Total Income Taxes	6,453	5,499	44,928
Profit	13,435	14,777	120,716
Profit attributable to non-controlling interests	90	197	1,609
Profit attributable to owners of the parent	¥ 13,345	¥ 14,580	$ 119,107

	Yen		U.S. dollars (Note 1)
	2021	2022	2022
Per Share of Common Stock (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
Profit	¥ 13,435	¥ 14,777	$ 120,716
Other comprehensive income (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)
Total other comprehensive (loss) Income	(1,748)	1,647	13,455
Comprehensive income	11,687	16,424	134,171
Total comprehensive income attributable to:			
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

						Accumulated other comprehensive income						
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurement of defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance, April 1, 2020	297,007,848	¥10,000	¥131,984	¥ 86,504	¥ —	¥(73)	¥(649)	¥ 501	¥(257)	¥228,010	¥ 933	¥228,943
Issuance of new shares	163,127	¥33	¥33							66		66
Cash dividends, ¥18.00 per share				(5,347)						(5,347)		(5,347)
Profit attributable to owners of parent				13,345						13,345		13,345
Net change in items other than shareholders' equity						111	228	(1,815)	(348)	(1,824)	132	(1,692)
Balance, March 31, 2021	297,170,975	¥10,033	¥132,017	¥ 94,502	¥ —	¥ 38	¥(421)	¥(1,314)	¥(605)	¥234,250	¥1,065	¥235,315
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
Balance, March 31, 2022	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)

						Accumulated other comprehensive income						
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurement of defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance, March 31, 2021	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
Balance, March 31, 2022	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
Operating Activities:			
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
Investing Activities:			
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)
Financing Activities:			
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)
Foreign currency translation adjustments on cash and cash equivalents	(121)	355	2,904
Net increase in cash and cash equivalents	29,591	12,720	103,915
Cash and cash equivalents, beginning of year	43,603	73,194	597,941
Cash and cash equivalents, end of year	¥ 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 PerfecTV! 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,

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"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, fund-raising 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 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.

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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

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

	Millions of yen						
	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	Total
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						
	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	Total
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 2022	Thousands of U.S. dollars 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
Space Business	Communications	44,546	363,909
	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.

(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		
	2021		
	Carrying amount	Fair value	Unrealized gain/loss
Accounts receivable	¥ 68,363		
Allowance for doubtful accounts	(390)		
Net	¥ 67,973	¥ 69,734	¥ 1,761
Lease receivables	49,045	49,616	571
Investment in and advances to affiliated companies:			
Current portion of advances	2,077	2,077	—
Investment securities:			
Available-for-sale securities	529	529	—
Investment in and advances to affiliated companies:			
Advances	15,480	15,480	—
Total	135,104	137,436	2,332
Current portion of long-term debt:			
Current portion of long-term loans payable	7,718	7,729	11
Long-term debt:			
Bonds payable	15,000	15,272	272
Long-term loans payable	68,241	69,609	1,368
Total	90,959	92,610	1,651
Derivative transactions	¥ (908)	¥ (908)	¥ —

	Millions of yen		
	2022		
	Carrying amount	Fair value	Unrealized gain/loss
Accounts receivable	¥ 64,369		
Allowance for doubtful accounts	(163)		
Net	¥ 64,206	¥ 65,407	¥ 1,201
Lease receivables	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	1,864	1,864	—
Investment in and advances to affiliated companies:			
Advances	14,368	14,368	—
Total	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	8,708	8,718	10
Long-term debt:			
Bonds payable	10,000	10,158	158
Long-term loans payable	61,644	62,613	969
Total	85,352	86,492	1,140
Derivative transactions	¥ (271)	¥ (271)	¥ —

Financial Section

	Thousands of U.S. dollars		
	2022		
	Carrying amount	Fair value	Unrealized gain/loss
Accounts receivable	$ 525,851		
Allowance for doubtful accounts	(1,329)		
Net	$ 524,522	$ 534,334	$ 9,812
Lease receivables	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	—
Investment in and advances to affiliated companies:			
Advances	117,374	117,374	—
Total	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
Long-term debt:			
Bonds payable	81,693	82,986	1,293
Long-term loans payable	503,586	511,502	7,916
Total	697,262	706,580	9,318
Derivative transactions	$ (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
	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	¥ —

	Hedged item	Thousands of U.S. dollars 2022 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 2021	Millions of yen 2022	Thousands of U.S. dollars 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

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

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.

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 SKY Perfect JSAT Corporation	50% 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%