Consolidated Balance Sheet

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 6 and 16)	¥ 85,914	¥ 107,909	$ 808,064
Accounts receivable (Notes 6 and 16):			
Trade	63,749	61,292	458,977
Affiliated companies	191	199	1,488
Other	429	690	5,169
Allowance for doubtful accounts	(163)	(88)	(662)
Lease receivables (Notes 6, 12 and 16)	46,434	46,235	346,225
Inventories:			
Broadcasting rights	396	948	7,102
Work in process	177	349	2,616
Other	1,205	1,462	10,944
Investment in and advances to affiliated companies (Notes 16 and 19)	2,832	3,630	27,182
Other (Notes 6 and 19)	5,157	6,229	46,653
Total current assets	206,321	228,855	1,713,758
Property and Equipment:			
Buildings and structures	22,529	22,347	167,341
Machinery, equipment and vehicles	66,926	67,035	501,984
Telecommunications satellites	227,758	227,758	1,705,545
Land	2,924	2,924	21,898
Construction in progress	7,938	20,524	153,689
Other	16,788	16,472	123,346
Total property and equipment	344,863	357,060	2,673,803
Accumulated depreciation	(225,708)	(241,666)	(1,809,690)
Net property and equipment	119,155	115,394	864,113
Investments and Other Assets:			
Software	5,013	4,287	32,105
Goodwill	67	—	—
Investment securities (Notes 5 and 16)	4,907	4,613	34,542
Investment in and advances to affiliated companies (Notes 16 and 19)	30,591	33,190	248,543
Deferred tax assets (Notes 2.p and 10)	8,991	10,154	76,038
Other	3,122	2,562	19,185
Total investments and other assets	52,691	54,806	410,413
Total	¥ 378,167	¥ 399,055	$ 2,988,284

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
LIABILITIES AND EQUITY			
Current Liabilities:			
Current portion of long-term debt (Notes 6 and 16)	¥ 13,708	¥ 10,572	$ 79,169
Accounts payable:			
Trade	12,681	13,606	101,891
Affiliated companies	500	363	2,718
Income taxes payable	1,165	5,805	43,468
Subscription fees received	7,180	6,755	50,583
Unearned revenues	10,853	19,145	143,366
Accrued bonus	622	629	4,707
Asset retirement obligations (Notes 2.m and 8)	113	—	—
Other	4,880	7,201	53,926
Total current liabilities	51,702	64,076	479,828
Non-current Liabilities:			
Long-term debt (Notes 6 and 16)	71,644	62,976	471,586
Liabilities for retirement benefits (Note 7)	6,593	6,545	49,013
Deferred tax liabilities (Notes 2.p and 10)	855	1,102	8,253
Asset retirement obligations (Note 8)	2,239	2,274	17,028
Other	2,057	5,267	39,441
Total non-current liabilities	83,388	78,164	585,321
Commitments and Contingent Liabilities (Notes 12 and 17):			
Equity (Note 9):			
Common stock			
Authorized, 1,450,000,000 shares;			
Issued, 297,404,212 shares in 2022 and 2023	10,082	10,082	75,497
Capital surplus	131,893	131,911	987,802
Retained earnings	103,750	114,333	856,173
Treasury stock—at cost, 6,933,124 shares in 2023	(3,000)	(2,924)	(21,899)
Accumulated other comprehensive income			
Unrealized loss on available-for-sale securities	(67)	(192)	(1,437)
Deferred (loss) gain on derivatives under hedge accounting	(46)	8	57
Foreign currency translation adjustments	(142)	2,546	19,068
Remeasurements of defined retirement benefit plans	(482)	(344)	(2,573)
Total	241,988	255,420	1,912,688
Non-controlling interests	1,089	1,395	10,447
Total equity	243,077	256,815	1,923,135
Total	¥ 378,167	¥ 399,055	$ 2,988,284

Consolidated Statement of Income

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Revenues (Notes 2.o, 11 and 20)	¥ 119,633	¥ 121,140	$ 907,143
Operating Expenses:			
Cost of services (Notes 13 and 20)	68,303	69,058	517,130
Selling, general, and administrative expenses (Notes 14 and 20)	32,467	29,758	222,842
Operating Profit (Note 20)	18,863	22,324	167,171
Other Income (Expenses):			
Interest and dividend income	1,497	1,708	12,792
Interest expense (Note 6)	(1,061)	(1,497)	(11,212)
Foreign exchange gains —net	102	58	433
Share of profit (loss) of investments accounted for using the equity method	243	(68)	(511)
Subsidy income (Note 4)	217	366	2,741
Gain on sale of non-current assets	230	—	—
Gain on sales of investment securities (Note 5)	—	235	1,759
Impairment loss (Notes 15 and 20)	(156)	(74)	(554)
Write-down of investment securities (Note 5)	(96)	(224)	(1,676)
Loss on sales of shares of affiliated companies	(10)	—	—
Other—net (Note 4)	447	295	2,207
Other Income—Net	1,413	799	5,979
Profit before Income Taxes	20,276	23,123	173,150
Income Taxes (Note 10):			
Current	5,418	8,143	60,977
Deferred	81	(1,120)	(8,387)
Total Income Taxes	5,499	7,023	52,590
Profit	14,777	16,100	120,560
Profit attributable to non-controlling interests	197	290	2,165
Profit attributable to owners of the parent	¥ 14,580	¥ 15,810	$ 118,395

	Yen		U.S. dollars (Note 1)
	2022	2023	2023
Per Share of Common Stock (Note 2.t):			
Earnings Per Share	¥ 49.52	¥ 54.44	$ 0.41
Diluted Earnings Per Share	—	—	
Cash Dividends Applicable to the Year	18.00	20.00	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, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Profit	¥ 14,777	¥ 16,100	$ 120,560
Other comprehensive income (Note 18):			
Unrealized loss on available-for-sale securities	(94)	(122)	(913)
Deferred gain on derivatives under hedge accounting	451	134	1,010
Foreign currency translation adjustments	1,173	2,688	20,124
Remeasurement of defined retirement benefit plans	124	138	1,037
Share of other comprehensive income in affiliated companies accounted for using the equity method	(7)	(8)	(63)
Total other comprehensive Income	1,647	2,830	21,195
Comprehensive income	¥ 16,424	¥ 18,930	$ 141,755
Total comprehensive income attributable to:			
Owners of the parent	¥ 16,147	¥ 18,565	$ 139,022
Non-controlling interests	277	365	2,733

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2023

	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, 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
Cash dividends, ¥20.00 per share				(5,227)						(5,227)		(5,227)
Profit attributable to owners of parent				15,810						15,810		15,810
Purchase of treasury shares	(8,133)									—		—
Disposal of treasury shares	179,187		18		76					94		94
Net change in items other than shareholders' equity						(125)	54	2,688	138	2,755	306	3,061
Balance, March 31, 2023	290,471,088	¥10,082	¥131,911	¥114,333	¥(2,924)	¥(192)	¥ 8	¥2,546	¥(344)	¥255,420	¥1,395	¥256,815

	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, 2022	290,300,034	$75,497	$987,666	$776,919	$(22,465)	$ (505)	$(342)	$ (1,056)	$(3,610)	$1,812,104	$ 8,152	$1,820,256
Cash dividends, $0.15 per share				(39,141)						(39,141)		(39,141)
Profit attributable to owners of parent				118,395						118,395		118,395
Purchase of treasury shares	(8,133)									—		—
Disposal of treasury shares	179,187		136		566					702		702
Net change in items other than shareholders' equity						(932)	399	20,124	1,037	20,628	2,295	22,923
Balance, March 31, 2023	290,471,088	$75,497	$987,802	$856,173	$(21,899)	$(1,437)	$ 57	$19,068	$(2,573)	$1,912,688	$10,447	$1,923,135

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Operating Activities:			
Profit before income taxes	¥ 20,276	¥ 23,123	$ 173,150
Adjustments for:			
Depreciation and amortization (Note 20)	22,161	21,165	158,494
Impairment loss	156	74	554
Amortization of goodwill	878	67	502
Interest and dividend income	(1,497)	(1,708)	(12,792)
Interest expense	1,061	1,497	11,212
Equity in net (gains) losses of affiliated companies	(243)	68	511
Decrease in receivables—trade and affiliated companies	4,351	2,601	19,480
Write-down of investment securities	96	224	1,676
Gain on sales of non-current assets	(230)	—	—
Decrease (Increase) in broadcasting rights	1,577	(552)	(4,137)
Increase in other receivables	(259)	(261)	(1,954)
Increase in inventories	(2)	(429)	(3,215)
(Decrease) increase in payables—trade and affiliated companies	(396)	783	5,864
(Decrease) increase in deferred revenues	(1,524)	8,286	62,046
Decrease in lease receivables	2,611	199	1,493
Other—net (Note 4)	(4,592)	6,578	49,260
Subtotal	44,424	61,715	462,144
Interest and dividends received	1,582	1,660	12,431
Interest paid	(1,070)	(1,208)	(9,043)
Income taxes paid	(8,429)	(4,536)	(33,971)
Net cash provided by operating activities	36,507	57,631	431,561
Investing Activities:			
Purchases of property and equipment	(6,154)	(15,975)	(119,627)
Purchases of intangible assets	(2,221)	(1,441)	(10,793)
Purchases of investment securities	(3,084)	(585)	(4,379)
Proceeds from collection of loans receivable	2,205	3,241	24,266
Proceeds from sale and redemption of investment securities (Note 4)	5	970	7,262
Payments for additional acquisition of shares of affiliated companies	(38)	(3,000)	(22,465)
Proceeds from sales of shares of affiliated companies	1,182	—	—
Other—net	368	(80)	(594)
Net cash used in investing activities	(7,737)	(16,870)	(126,330)
Financing Activities:			
Repayments of finance lease obligations	(11)	(0)	(3)
Repayments of long-term loans payable	(7,782)	(9,140)	(68,447)
Redemption of bonds	—	(5,000)	(37,442)
Purchase of treasury shares	(3,009)	—	—
Dividends paid	(5,327)	(5,224)	(39,116)
Dividends paid to non-controlling interests	(276)	(59)	(438)
Net cash used in financing activities	(16,405)	(19,423)	(145,446)
Foreign currency translation adjustments on cash and cash equivalents	355	657	4,919
Net increase in cash and cash equivalents	12,720	21,995	164,704
Cash and cash equivalents, beginning of year	73,194	85,914	643,360
Cash and cash equivalents, end of year	¥ 85,914	¥ 107,909	$ 808,064

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2023

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 2022 consolidated financial statements to conform to the classifications used in 2023.

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 ¥133.54 to $1, the approximate rate of exchange at March 31, 2023. 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, 2023, 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, 2022 and 2023, are summarized below.

	2022	2023
Consolidated subsidiaries	8	**8**
Affiliated companies:		
Unconsolidated subsidiaries	6	**6**
Associated companies	22	**23**

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	3–50 years
Machinery, equipment, and vehicles	2–17 years
Telecommunications satellites	12–15 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 (10–17 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
The Company 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 Space Business and Media Business.

(1) 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.

(2) 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 provides 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.

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 group tax sharing system has been adopted from the beginning of the fiscal year ended March 31, 2023. Further details are provided in 10. INCOME TAXES chapter.

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, 2022 and 2023, were 294,421,170 and 290,416,104, 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, 2022 and 2023.

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 shares 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 these shares under investment securities in the consolidated balance sheet for the current consolidated fiscal year. Of these investment securities, ¥2,000 million (¥1,800 million as of March 31, 2022) 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) Information concerning significant accounting estimates for identified items

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, as well as the major assumptions used to estimate their actual values 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.

Major assumptions used to estimate their actual values, including excess earning power, etc., included factors such as the operating environments, markets, consumption trends, and trends of demand and supply that serve as the basis for the investees' mid- to long-term business plans, and their fund-raising status.

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. CHANGES IN PRESENTATION

Consolidated Statement of Income

Prior to April 1, 2022, "Subsidy income" was included in "Other—net" in the "Other Income (Expenses)" section. Since fiscal year ended March 31, 2023, the amount increased significantly, as such the amount is disclosed separately in the "Other Income (Expenses)" section. The amount included in "Other—net" as of March 31, 2022, was ¥217 million.

Consolidated Statement of Cash Flows

Prior to April 1, 2022, "Proceeds from sale and redemption of investment securities" was included in "Other—net" in the "Investing Activities" section. Since fiscal year ended March 31, 2023, the amount increased significantly, as such the amount is disclosed separately in the "Investing Activities" section. The amount included in "Other—net" as of March 31, 2022, was ¥5 million.

5. INVESTMENT SECURITIES

Investment securities as of March 31, 2022 and 2023, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Investment securities:			
Equity securities	¥ 4,525	¥ 4,096	$ 30,670
Other	382	517	3,872
Total	¥ 4,907	¥ 4,613	$ 34,542

The costs and aggregate fair values of certain investment securities as of March 31, 2022 and 2023, were as follows:

	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

	Millions of yen			
	2023			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale				
Equity securities	¥ 1,514	¥ 70	¥ 379	¥ 1,205
Total	¥ 1,514	¥ 70	¥ 379	¥ 1,205

	Thousands of U.S. dollars			
	2023			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale				
Equity securities	$ 11,343	$ 523	$ 2,840	$ 9,026
Total	$ 11,343	$ 523	$ 2,840	$ 9,026

Notes to Consolidated Financial Statements

The breakdown of available-for-sale securities, which were sold during the years ended March 31, 2022 and 2023, is as follows:

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

	Millions of yen		
	2023		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	¥ 970	¥ 235	¥ 10
Total	¥ 970	¥ 235	¥ 10

	Thousands of U.S. dollars		
	2023		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	$ 7,262	$ 1,759	$ 72
Total	$ 7,262	$ 1,759	$ 72

Write-downs of available-for-sale securities for the year ended March 31, 2022 and 2023, were ¥96 million and ¥224 million ($1,676 thousand), respectively.

6. LONG-TERM DEBT

Long-term debt as of March 31, 2022 and 2023, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Long-term debt:			
0.927% yen bonds, due 2025	¥ 15,000	¥ 10,000	$ 74,884
Government-owned banks, maturing serially through 2031, annual interest rates of 0.53%–1.34% at March 31, 2022, and 1.34%–5.45% at March 31, 2023	12,674	11,515	86,230
Banks and insurance companies, maturing serially through 2031, annual interest rates of 0.57%–2.5% at March 31, 2022, and 0.58%–5.97% at March 31, 2023	57,678	52,033	389,641
Total	85,352	73,548	550,755
Less current portion	13,708	10,572	79,169
Long-term debt, less current portion	¥ 71,644	¥ 62,976	$ 471,586

Annual maturities of long-term debt as of March 31, 2023, were as follows:

	Millions of yen	Thousands of U.S. dollars
	2023	2023
Years ending March 31:		
2024	¥ 10,572	$ 79,169
2025	10,187	76,286
2026	22,033	164,993
2027	8,041	60,214
2028	4,954	37,099
Thereafter	17,761	132,994
Total	¥ 73,548	$ 550,755

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, 2022 and 2023, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Lines of credit	¥ 13,200	¥ 13,200	$ 98,847
Credit utilized	—	—	—
Available credit	¥ 13,200	¥ 13,200	$ 98,847

Assets pledged as collateral as of March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Cash and cash equivalents	¥ 1,935	¥ 5,373	$ 40,236
Accounts receivable–trade	47,528	42,704	319,788
Lease receivables	2,291	4,607	34,499
“Other” under current assets	522	477	3,565
Total	¥ 52,276	¥ 53,161	$ 398,088

(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, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Current portion of long-term loans payable	¥ 4,952	¥ 4,952	$ 37,080
Long-term loans payable	42,088	37,137	278,097
Total	¥ 47,040	¥ 42,089	$ 315,177

7. EMPLOYEES’ BENEFIT PLANS AND DIRECTORS’ SEVERANCE INDEMNITIES

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

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

Changes in defined benefit obligations for the years ended March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Balance at the beginning of the year	¥ 6,298	¥ 6,134	$ 45,932
Current service cost	431	428	3,208
Interest cost	30	37	276
Actuarial gains	(126)	(130)	(972)
Benefits paid	(521)	(397)	(2,971)
Past service cost	22	—	—
Other	—	9	67
Balance at the end of the year	¥ 6,134	¥ 6,081	$ 45,540

Changes in defined benefit liabilities calculated using the simplified method for the years ended March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Balance at the beginning of the year	¥ 456	¥ 459	$ 3,441
Periodic benefit cost	52	46	342
Benefit paid	(49)	(32)	(242)
Other	—	(9)	(67)
Balance at the end of the year	¥ 459	¥ 464	$ 3,474

A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation as of March 31, 2022 and 2023, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Unfunded defined benefit obligation	¥ 6,593	¥ 6,545	$ 49,013
Net liability for defined benefit obligation	¥ 6,593	¥ 6,545	$ 49,013

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Liabilities for retirement benefits	¥ 6,593	¥ 6,545	$ 49,013
Net liability for defined benefit obligation	¥ 6,593	¥ 6,545	$ 49,013

Notes to Consolidated Financial Statements

Components of net periodic benefit costs for the years ended March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Service cost	¥ 431	¥ 428	$ 3,207
Interest cost	30	37	276
Recognized actuarial losses	37	32	237
Amortization of prior service cost	37	38	286
Periodic benefit cost under the simplified method	52	46	342
Net periodic benefit costs	¥ 587	¥ 581	$ 4,348

Amounts recognized in other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Actuarial losses	¥ 163	¥ 161	$ 1,209
Prior service cost	15	38	286
Total	¥ 178	¥ 199	$ 1,495

Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Unrecognized actuarial losses	¥ (225)	¥ (63)	$ (474)
Unrecognized prior service cost	(470)	(432)	(3,235)
Total	¥ (695)	¥ (495)	$ (3,709)

Assumptions used for the years ended March 31, 2022 and 2023, were set forth as follows:

	2022	2023
Discount rate	0.6%	1.0%

The amounts of contributions to the multi-employer defined benefit corporate pension plan were ¥180 million for the year ended March 31, 2021, and ¥216 million for the year ended March 31, 2022.

The funded status of the multi-employer defined benefit corporate pension plan as of March 31, 2021 (available information as of March 31, 2022) and 2022 (available information as of March 31, 2023), to which contributions were recorded as net periodic retirement benefit costs, was as follows:

	Millions of yen	
	2021	2022
Fair value of plan assets	¥ 34,755	¥ 36,395
Pension benefit obligation recorded	38,940	44,812
Difference	¥ (4,185)	¥ (8,417)

The Companies' contribution percentages for the multi-employer defined benefit corporate pension plan as of March 31, 2021 and 2022, were 5.9% and 6.0%, respectively.

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 difference for the year ended March 31, 2022, mainly resulted from prior service costs of ¥9,662 million and adjustments of voluntary reserve of ¥1,245 million. Prior service cost is amortized over 11 years. The Companies recorded special contributions of ¥62 million as expenses in the consolidated financial statements in the fiscal year ended March 31, 2022.

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

8. ASSET RETIREMENT OBLIGATIONS

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

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

Changes in asset retirement obligations for the years ended March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Balance at the beginning of the year	¥ 2,323	¥ 2,352	$ 17,612
Additional provisions associated with the acquisition of property and equipment	9	—	—
Reconciliation associated with passage of time	36	35	260
Reduction associated with settlement of asset retirement obligations	(11)	(113)	(844)
Other	(5)	—	—
Balance at the end of the year	¥ 2,352	¥ 2,274	$ 17,028

9. EQUITY

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

a. Dividends

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

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

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

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

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

c. Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

With the issuance of shares under the restricted stock compensation plan, common stock and capital surplus both increased by ¥49 million for the year ended March 31,2022. Capital surplus increased by ¥18 million($136 thousand) and treasury stock decreased by ¥76 million($566 thousand) for the year ended March 31, 2023.

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, 2022 and 2023.

Notes to Consolidated Financial Statements

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Deferred tax assets:			
Unearned revenues	¥ 196	¥ 2,681	$ 20,077
Depreciation	3,295	2,446	18,318
Liabilities for retirement benefits	2,025	2,013	15,076
Asset retirement obligations	726	702	5,258
Tax loss carryforwards (Note)	521	602	4,506
Deferred gain on derivatives under hedge accounting	312	239	1,790
Accounts receivable	1,079	141	1,053
Other	2,954	3,391	25,391
Total of tax loss carryforwards and temporary differences	11,108	12,215	91,469
Less valuation allowance for tax loss carryforwards	(521)	(526)	(3,938)
Less valuation allowance for temporary differences	(1,107)	(1,032)	(7,729)
Total valuation allowance	(1,628)	(1,558)	(11,667)
Deferred tax assets	9,480	10,657	79,802
Deferred tax liabilities:			
Depreciation in foreign subsidiaries	(898)	(1,217)	(9,110)
Asset retirement obligations	(242)	(214)	(1,600)
Other	(204)	(174)	(1,307)
Deferred tax liabilities	(1,344)	(1,605)	(12,017)
Net deferred tax assets	¥ 8,136	¥ 9,052	$ 67,785

(Note) The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2022 and 2023, were as follows:

	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	—	—	—	—	—	—	—

	Millions of yen						
	2023						
	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	¥ 44	¥ 46	¥ 92	—	¥ 377	¥ 602
Less valuation allowances for tax loss carryforwards	(43)	(44)	(46)	(92)	—	(301)	(526)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	76	76

	Thousands of U.S. dollars						
	2023						
	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 (*)	$ 320	$ 332	$ 347	$ 693	—	$ 2,814	$ 4,506
Less valuation allowances for tax loss carryforwards	(320)	(332)	(347)	(693)	—	(2,246)	(3,938)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	568	568

(*) 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, 2022 and 2023, is as follows:

	2022	2023
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.2	0.5
Change in valuation allowance	(4.2)	(0.1)
Amortization of goodwill	1.3	0.1
Share of profit or loss of investments accounted for using the equity method	(0.4)	0.1
Other	(0.4)	(0.8)
Actual effective tax rate	27.1%	30.4%

The group tax sharing system has been adopted since the beginning of the fiscal year ended March 31, 2023. Accounting and disclosure of income taxes and local income taxes, as well as related tax effect accounting, is in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021).

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 their customers. The order in which the segments are presented has been changed from the beginning of the consolidated fiscal year ended March 31, 2023. Accordingly, the order for the consolidated fiscal year ended March 31, 2022, is based on the new order.

Relations between the disaggregated revenue and segment operating revenue for the years ended March 31, 2022 and 2023, were as follows:

Segment	Type of major goods or services	Amount Millions of yen		Thousands of U.S. dollars
		2022	2023	2023
Space Business	Communications	¥ 44,546	¥ 47,914	$ 358,796
	Broadcasting	7,773	7,506	56,209
	Total	52,319	55,420	415,005
Media Business	Subscription fees (Note 1)	18,325	16,701	125,063
	Service charge	15,723	15,263	114,297
	Basic fees	11,468	10,840	81,171
	FTTH business	8,271	8,487	63,557
	Other	13,527	14,429	108,050
	Total	67,314	65,720	492,138
Sales to external customers (Note2)		¥ 119,633	¥ 121,140	$ 907,143

(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 include net sales of ¥5,465 million for the years ended March 31, 2022, and ¥5,503 million ($41,205 thousand) for the years ended March 31, 2023 arising from sources other than "Revenues from contracts with customers."

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

The information is as described in Note 2. o.

Notes to Consolidated Financial Statements

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

i) Contract balances

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

	Millions of yen
	2022
Receivables from contracts with customers:	
Balance at beginning of year	¥ 67,748
Balance at end of year	63,494
Contract liabilities:	
Balance at beginning of year	12,548
Balance at end of year	10,994

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.

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.

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

	Millions of yen	Thousands of U.S. dollars
	2023	2023
Receivables from contracts with customers:		
Balance at beginning of year	¥ 63,494	$ 475,471
Balance at end of year	61,045	457,126
Contract liabilities:		
Balance at beginning of year	10,994	82,330
Balance at end of year	19,304	144,557

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 ¥4,354 million ($32,604 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

Transaction prices allocated to the remaining performance obligations were ¥136,636 million at the end of the previous 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. Since the previous fiscal year, 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 were ¥166,448 million ($1,246,427 thousand) at the end of the current fiscal year. These obligations mainly pertain to long-term contracts in the Space Business, and are expected to be recognized for the next one to 21 years.

12. LEASES

a. Finance Lease

As lessor:

Annual maturities of lease receivables are as follows:

	Millions of yen	Thousands of U.S. dollars
	2023	2023
Years ending March 31:		
2024	¥ 3,154	$ 23,618
2025	3,315	24,826
2026	3,354	25,112
2027	3,233	24,211
2028	3,407	25,511
Thereafter	29,772	222,947
Total	¥ 46,235	$ 346,225

b. Operating Lease

As lessee:

The minimum rental commitments under noncancelable operating leases as of March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Due within one year	¥ 1,233	¥ 861	$ 6,450
Due after one year	821	2,645	19,805
Total	¥ 2,054	¥ 3,506	$ 26,255

13. COST OF SERVICES

Write-down of inventories and other assets, which were charged to cost of services for the years ended March 31, 2022 and 2023, amounted to ¥11 million and ¥168 million ($1,256 thousand), respectively.

14. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Major components of selling, general, and administrative expenses for the years ended March 31, 2022 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Salaries and wages	¥ 5,050	¥ 5,014	$ 37,544
Provision for accrued bonuses	378	393	2,946
Net periodic benefit costs	347	353	2,646
Advertising expenses	5,937	4,701	35,206
Sales promotion expenses	3,327	3,189	23,881
Sales incentives	371	322	2,412
Subcontracting fees	7,408	6,835	51,184
Provision for doubtful accounts	16	10	76
Research and development expenses	388	459	3,440
Other	9,245	8,482	63,507
Total	¥ 32,467	¥ 29,758	$ 222,842

15. IMPAIRMENT LOSS

The asset groups for which the Company and its subsidiaries recognized impairment loss for the years ended March 31, 2022 and 2023, were as follows:

Use	Location	Type of assets	Millions of yen		Thousands of U.S. dollars
			2022	2023	2023
Idle assets	Koto-ku, Tokyo	Software	¥ 156	¥ —	$ —
Operational assets	Minato-ku, Tokyo	Software	¥ —	¥ 74	$ 554

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

Notes to Consolidated Financial Statements

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, etc. 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.

Fair value of financial instruments:

	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)	¥ —

	Millions of yen		
	2023		
	Carrying amount	Fair value	Unrealized gain/loss
Accounts receivable	¥ 62,181		
Allowance for doubtful accounts	(88)		
Net	¥ 62,093	¥ 63,016	¥ 923
Lease receivables	46,235	46,295	60
Investment in and advances to affiliated companies:			
Current portion of advances	3,630	3,630	—
Investment securities:			
Available-for-sale securities	1,205	1,205	—
Investment in and advances to affiliated companies:			
Advances	12,946	12,946	—
Total	126,109	127,092	983
Current portion of long-term debt:			
Current portion of long-term loans payable	10,572	10,588	16
Long-term debt:			
Bonds payable	10,000	10,125	125
Long-term loans payable	52,976	53,715	739
Total	73,548	74,428	880
Derivative transactions	¥ (86)	¥ (86)	¥ —

	Thousands of U.S. dollars		
	2023		
	Carrying amount	Fair value	Unrealized gain/loss
Accounts receivable	$ 465,634		
Allowance for doubtful accounts	(662)		
Net	$ 464,972	$ 471,882	$ 6,910
Lease receivables	346,225	346,676	451
Investment in and advances to affiliated companies:			
Current portion of advances	27,182	27,182	—
Investment securities:			
Available-for-sale securities	9,026	9,026	—
Investment in and advances to affiliated companies:			
Advances	96,947	96,947	—
Total	944,352	951,713	7,361
Current portion of long-term debt:			
Current portion of long-term loans payable	79,169	79,292	123
Long-term debt:			
Bonds payable	74,884	75,819	935
Long-term loans payable	396,702	402,239	5,537
Total	550,755	557,350	6,595
Derivative transactions	$ (638)	$ (638)	$ —

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Carrying amount of financial instruments whose fair value cannot be reliably determined as of March 31, 2022 and carrying amount of equity instruments that do not have a quoted market price in an active market as of March 31, 2023:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Investment in affiliated companies	¥ 16,223	¥ 20,244	$ 151,596
Investment in equity instruments that do not have a quoted market price in an active market	2,661	2,891	21,644
Investments in partnerships	382	517	3,872
Total	¥ 19,266	¥ 23,652	$ 177,112

Maturity analysis for financial assets and securities with contractual maturities:

	Millions of yen			
	2023			
	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	¥ 32,995	¥ —	¥ —	¥ —
Accounts receivable	25,333	19,652	17,196	—
Lease receivables	3,154	13,309	19,707	10,065
Investment in and advances to affiliated companies:				
Current portion of advances	3,630	—	—	—
Advances	—	12,946	—	—
Total	¥ 65,112	¥ 45,907	¥ 36,903	¥ 10,065

	Thousands of U.S. dollars			
	2023			
	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	$ 247,082	$ —	$ —	$ —
Accounts receivable	189,703	147,163	128,768	—
Lease receivables	23,618	99,661	147,575	75,371
Investment in and advances to affiliated companies:				
Current portion of advances	27,182	—	—	—
Advances	—	96,947	—	—
Total	$ 487,585	$ 343,771	$ 276,343	$ 75,371

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			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	¥ 1,205	¥ —	¥ —	¥ 1,205
Derivative transactions				
Currency-related	—	450	—	450
Interest rate-related	—	4	—	4
Total assets	1,205	454	—	1,659
Derivative transactions				
Currency-related	—	115	—	115
Interest rate-related	—	425	—	425
Total liabilities	¥ —	¥ 540	¥ —	¥ 540

	Thousands of U.S. dollars			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	$ 9,026	$ —	$ —	$ 9,026
Derivative transactions				
Currency-related	—	3,373	—	3,373
Interest rate-related	—	32	—	32
Total assets	9,026	3,405	—	12,431
Derivative transactions				
Currency-related		864		864
Interest rate-related	—	3,179	—	3,179
Total liabilities	$ —	$ 4,043	$ —	$ 4,043

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

	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable—trade	¥ —	¥ 63,016	¥ —	¥ 63,016
Lease receivables	—	46,295	—	46,295
Short-term loans receivable	—	3,630	—	3,630
Long-term loans receivable	—	12,946	—	12,946
Total assets	—	125,887	—	125,887
Current portion of long-term loans payable	—	10,588	—	10,588
Bonds payable	—	10,125	—	10,125
Long-term loans payable	—	53,715	—	53,715
Total liabilities	¥ —	¥ 74,428	¥ —	¥ 74,428

	Thousands of U.S. dollars			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable—trade	$ —	$ 471,882	$ —	$ 471,882
Lease receivables	—	346,676	—	346,676
Short-term loans receivable	—	27,182	—	27,182
Long-term loans receivable	—	96,947	—	96,947
Total assets	—	942,687	—	942,687
Current portion of bonds payable	—	79,292	—	79,292
Bonds payable	—	75,819	—	75,819
Long-term loans payable	—	402,239	—	402,239
Total liabilities	$ —	$ 557,350	$ —	$ 557,350

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 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.

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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.

Bonds payable
As the fair value of bonds payable is determined based on the present value 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, 2022 and 2023, were as follows:

	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 yen			
	2023			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign exchange forward contracts				
Buying U.S. dollars	¥ 81	¥ —	¥ 21	¥ —

	Millions of U.S. dollars			
	2023			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign exchange forward contracts				
Buying U.S. dollars	$ 609	$ —	$ 156	$ —

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, 2022 and 2023, were as follows:

	Hedged item	Millions of yen 2022 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	Millions of yen 2023 Contract amount	Contract amount due after one year	Fair value
Foreign exchange forward contracts				
Buying U.S. dollars	Forecasted foreign currency transactions	¥ 3,726	¥ 630	¥ (106)
Buying euro	Forecasted foreign currency transactions	7,954	4,801	421
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	18,767	16,559	(420)
Method of hedge accounting: Special treatment (Note 2. s)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	¥ 23,233	¥ 20,500	¥ —

	Hedged item	Thousands of U.S. dollars 2023 Contract amount	Contract amount due after one year	Fair value
Foreign exchange forward contracts				
Buying U.S. dollars	Forecasted foreign currency transactions	$ 27,904	$ 4,721	$ (796)
Buying euro	Forecasted foreign currency transactions	59,563	35,951	3,150
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	140,533	124,000	(3,148)
Method of hedge accounting: Special treatment (Note 2. s)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	$ 173,980	$ 153,512	$ —

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

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18. COMPREHENSIVE INCOME

Other comprehensive income for the years ended March 31, 2022 and 2023, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Other comprehensive income:			
Unrealized loss on available-for-sale securities			
Losses arising during the year	¥ (179)	¥ (172)	$ (1,290)
Reclassification adjustments to profit or loss	—	4	36
Amount before income tax effect	(179)	(168)	(1,254)
Income tax effect	85	46	341
Total	(94)	(122)	(913)
Deferred gain on derivatives under hedge accounting			
Gains arising during the year	782	793	5,941
Reclassification adjustments to profit or loss	22	20	151
Amounts transferred to the initial carrying amounts of hedged items	(154)	(619)	(4,636)
Amount before income tax effect	650	194	1,456
Income tax effect	(199)	(60)	(446)
Total	451	134	1,010
Foreign currency translation adjustments	1,173	2,688	20,124
Remeasurement of defined retirement benefit plans			
Gains arising during the year	104	130	972
Reclassification adjustments to profit or loss	75	69	523
Amount before income tax effect	179	199	1,495
Income tax effect	(55)	(61)	(458)
Total	124	138	1,037
Share of other comprehensive income in affiliated companies accounted for using the equity method			
Gains arising during the year	12	4	28
Reclassification adjustments to profit or loss	(10)	—	—
Amounts transferred to the initial carrying amounts of hedged items	(9)	(12)	(91)
Total	(7)	(8)	(63)
Total other comprehensive income	¥ 1,647	¥ 2,830	$ 21,195

19. RELATED-PARTY DISCLOSURES

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
Correction of loans receivable	¥ 2,205
Receipt of interest	¥ 401

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

	Millions of yen
Current portion of long-term loans receivable	¥ 2,832
Long-term loans receivable	¥ 14,368
Current assets—other	¥ 60

Year Ended March 31, 2023

Transactions of the Companies with affiliated companies for the year ended March 31, 2023, were as follows:

	Millions of yen	Thousands of U.S. dollars
Correction of loans receivable	¥ 3,241	$ 24,266
Receipt of interest	¥ 702	$ 5,257

The balances due to or from the Companies with affiliated companies at March 31, 2023, were as follows:

	Millions of yen	Thousands of U.S. dollars
Current portion of long-term loans receivable	¥ 3,630	$ 27,182
Long-term loans receivable	¥ 12,946	$ 96,948
Current assets—other	¥ 177	$ 1,327

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.

The order in which the segments are presented has been changed from the beginning of the consolidated fiscal year ended March 31, 2023. Accordingly, the order about the consolidated fiscal year ended March 31, 2022, is based on the new order.

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 Space Business and the Media Business as reportable segments. The Space Business offers satellite circuits to broadcasting businesses, and satellite communication services, such as data communication and mobile communication, to the government, public entities, and corporations.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.

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

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

Intersegment sales or transfers are determined based on market prices.

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

	Millions of yen			
	2022			
	Space Business	Media Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	¥ 52,319	¥ 67,314	¥ —	¥ 119,633
Intersegment sales or transfers	7,181	3,134	(10,315)	—
Total	59,500	70,448	(10,315)	119,633
Operating profit	¥ 15,868	¥ 3,741	¥ (746)	¥ 18,863
Segment profit (profit attributable to owners of the parent)	12,299	2,749	(468)	14,580
Segment assets	243,019	46,179	88,969	378,167
Other:				
Depreciation and amortization	14,414	7,321	426	22,161
Amortization of goodwill	878	—	—	878
Investment in affiliated companies accounted for using the equity method	12,245	3,978	—	16,223
Increase in property and equipment and intangible assets	3,292	4,035	185	7,512

Note 1. Reconciliation is as follows:

(1) Segment profit of ¥(468) million consists of ¥(2) million of intersegment sales and ¥(466) 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 ¥88,969 million consist of ¥(368) million of intersegment assets and ¥89,337 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 ¥426 million represents depreciation of corporate assets not allocated to each reportable segment.

(4) An increase in property and equipment and intangible assets of ¥185 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.

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	Millions of yen			
	2023			
	Space Business	Media Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	¥ 55,420	¥ 65,720	¥ —	¥ 121,140
Intersegment sales or transfers	6,734	3,013	(9,747)	—
Total	62,154	68,733	(9,747)	121,140
Operating profit	¥ 19,151	¥ 3,863	¥ (690)	¥ 22,324
Segment profit (profit attributable to owners of the parent)	13,516	2,780	(486)	15,810
Segment assets	245,808	41,295	111,952	399,055
Other:				
Depreciation and amortization	13,866	6,969	330	21,165
Amortization of goodwill	67	—	—	67
Investment in affiliated companies accounted for using the equity method	16,161	4,083	—	20,244
Increase in property and equipment and intangible assets	14,714	1,936	105	16,755

	Thousands of U.S. dollars			
	2023			
	Space Business	Media Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	$ 415,005	$ 492,138	$ —	$ 907,143
Intersegment sales or transfers	50,430	22,562	(72,992)	—
Total	465,435	514,700	(72,992)	907,143
Operating profit	$ 143,411	$ 28,929	$ (5,169)	$ 167,171
Segment profit (profit attributable to owners of the parent)	101,211	20,815	(3,631)	118,395
Segment assets	1,840,707	309,236	838,341	2,988,284
Other:				
Depreciation and amortization	103,831	52,190	2,473	158,494
Amortization of goodwill	502	—	—	502
Investment in affiliated companies accounted for using the equity method	121,017	30,578	—	151,595
Increase in property and equipment and intangible assets	110,183	14,496	789	125,468

Note 1. Reconciliation is as follows:

(1) Segment profit of ¥(486) million ($(3,631) thousand) consists of ¥1 million ($4 thousand) of intersegment sales and ¥(487) million ($(3,635) 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 ¥111,952 million ($838,341 thousand) consist of ¥(304) million ($(2,276) thousand) of intersegment assets and ¥112,256 million ($840,617 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 ¥330 million ($2,473 thousand) represents depreciation of corporate assets not allocated to each reportable segment.

(4) An increase in property and equipment and intangible assets of ¥105 million ($789 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, 2022 and 2023.

(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, 2022 and 2023.

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, 2022 and 2023.

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

Information about impairment losses as of March 31, 2022 and 2023, was as follows:

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

	Millions of yen			
	2023			
	Space Business	Media Business	Reconciliations	Consolidated
Impairment losses	¥ —	¥ 74	¥ —	¥ 74

	Thousands of U.S. dollars			
	2023			
	Space Business	Media Business	Reconciliations	Consolidated
Impairment losses	¥ —	$ 554	$ —	$ 554

Information about goodwill and its amortization:

Information about goodwill and its amortization as of March 31, 2022 and 2023, was as follows:

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

	Millions of yen			
	2023			
	Space Business	Media Business	Reconciliations	Consolidated
Amortization of goodwill	¥ 67	¥ —	¥ —	¥ 67
Goodwill as of March 31, 2023	—	—	—	—

	Thousands of U.S. dollars			
	2023			
	Space Business	Media Business	Reconciliations	Consolidated
Amortization of goodwill	$ 502	$ —	$ —	$ 502
Goodwill as of March 31, 2023	—	—	—	—

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

There is no applicable information for the fiscal years ended March 31, 2022 and 2023.