

Presentation (Transcript with Q&A) at video conference for the Q3 of FY2024

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Speakers	SKY Perfect JSAT Holdings Inc.: Eiichi Yonekura (Representative Director, President) Isao Kubo (CFO, General Manager, Corporate Planning Department) Masato Ogawa (Board Director, in charge of Space Business) Koichi Matsutani (Board Director, in charge of Media Business)

This is a transcript with Q&A session. The presentation material was disclosed on the day of the results briefing. Please click [here](#) for the details.

p.4: Financial Highlights

There are three financial highlights.

First, Q3 results. The Space Business performed as planned, and the Media Business exceeded expectations. As a result, consolidated net income was JPY 14.4 billion. That is 80% of our initial full year forecast of JPY 18 billion.

Next, based on our progress so far and the Q4 outlook, we revised our initial forecast upward yesterday. We now expect operating income of JPY 28 billion and consolidated net income of JPY 19 billion. If we achieve this, it will be our highest profit since listing.

We also announced a revision to our dividend forecast. We are increasing the year-end dividend by JPY 5 to JPY 16. With this, the total annual dividend per share will be JPY 27.

p.5: Consolidated Earnings Results for Q3 of FY2024

By the end of Q3, revenue was JPY 91.9 billion. On the profit side, operating income was JPY 21.3 billion, and consolidated net income attributable to parent company shareholders was JPY 14.4 billion. All of these are up year-over-year.

Looking back at the first three quarters, the Space Business has been progressing steadily, with both revenue and profit roughly in line with our initial forecast. The Media Business, on the other hand, is ahead of plan in both revenue and profit.

Given this steady performance and our latest outlook for Q4, we announced an upward revision to our forecast yesterday. The revised figures are JPY 124 billion in revenue, JPY 28 billion in operating income, and JPY 19 billion in consolidated net income. If we achieve this, it will be our highest profit since listing.

p.6: Earnings Overview: Space Business

In the Q3 cumulative results, revenue from broadcasting transponders dropped significantly due to the end of 4K broadcasting, etc. But increased sales of satellite imagery in the Space Intelligence

Business and the weaker yen in the Global and Mobility Area helped narrow the decline.

On the cost side, we have been strengthening our business foundation in North America and making upfront investments for future growth, while both revenue and operating income remain on track as planned.

We also recorded a JPY 500 million equity method investment loss due to temporary losses at an operating company. Still, full-year segment profit is expected to reach JPY 15.1 billion, as initially forecasted.

For full-year operating income, with solid public sector orders expected in Q4 and cost improvements, we have raised our forecast to JPY 22.8 billion.

p.7: Earnings Overview: Media Business

Revenue was JPY 49.6 billion, down JPY 0.9 billion year-over-year. Revenue related to Subscription continued to decline as the number of subscribers gradually decreased, but this was partly offset by increased non-broadcast content revenue mainly from talk events and animation, which we will explain later.

On the cost side, expenses increased due to investments in new services like connected TV and Web3. However, decrease in satellite transponder fees from the end of 4K broadcasting, etc. and improved operational efficiency helped reduce costs. As a result, operating income rose JPY 1.6 billion year-over-year to JPY 5.7 billion, and segment profit based on net income increased JPY 1.9 billion to JPY 4 billion, both exceeding our initial forecast.

In Q4, we plan to promote key offerings such as the SKY PerfecTV! Professional Baseball Set and other sports content. Even after factoring this in, we expect revenue and profit to exceed our initial forecast, so we have raised our outlook for revenue, operating income, and segment profit.

p.8: Progress Update on Growth Investments

Our investments for FY2024 are progressing smoothly. And as announced yesterday, we have decided to build a low Earth orbit (LEO) Earth observation satellite constellation.

Including other systems beyond the constellation itself, the total investment is expected to be around JPY 40 billion.

We will continue taking on new business challenges and investing to strengthen the profitability of our core businesses, aiming for sustainable growth beyond FY2030.

p.9: Shareholder Returns

While actively investing, we will also ensure solid shareholder returns. Yesterday, along with the forecast revision, we announced an upward revision to our dividend forecast.

Balancing investments for sustainable growth with shareholder returns, we have raised the year-

end dividend by JPY 5 to JPY 16, bringing the annual dividend per share to JPY 27 from JPY 22.

Since FY2022, our policy has been to return JPY 40 billion to shareholders through dividends and share buybacks over five years. With this revision, the cumulative total is expected to reach JPY 24.5 billion by the end of this fiscal year.

Going forward, we plan to repurchase shares flexibly while maintaining stable dividends and considering the optimal timing.

p.11: Space Business Vision

This slide shows the vision for our Space Business.

p.12: Full-scale Entry into the LEO Earth Observation Satellite Business

This slide shows our vision for the Space Business. SKY Perfect JSAT has primarily developed its business in telecommunications using geostationary satellites. However, we are now expanding beyond traditional geostationary satellites to include LEO Earth observation satellites, broadening our business field from communication to non-communication.

As a first step, we have decided to enter the LEO Earth observation satellite business. We are investing approximately JPY 40 billion to build and own our satellite constellation.

Currently, we purchase satellite imagery from other companies for resell or analysis, however by having our own constellation, we will be able to manage everything in-house and greatly increase our capability in imagery supply.

The satellite imageries will have a world-leading 30 cm resolution, providing us with a strong competitive edge and enabling us to meet customer needs with greater flexibility. We plan to launch 10 "Pelican" next-generation satellites from Planet Labs Inc. in 2027.

With these top-tier assets and our partnerships, we aim to grow Space Intelligence Business revenue from JPY 4 billion this year to JPY 23 billion by FY2030. We are also aiming for over JPY 7 billion in net income by FY2030.

p.13: Collaboration with Startups for Co-Creation in the Space Business

In March 2024, we announced we would speed up working with space startups to create new space businesses. Since then, we have been creating opportunities with a lot of startups. Now, we have decided to team up with two new startups.

On the left, Penetrator Inc. (Penetrator), a JAXA startup, is aiming to change real estate industry from space. They offer "WHERE," Japan's first real estate AI search engine combining satellite data, government data, and web data.

With Penetrator, we will use satellite imagery to extract property information and collaborate on selling it through the WHERE platform. This initiative helps address digitalization challenges in the

real estate industry.

By leveraging our previously mentioned high-resolution satellites, we can further enhance property data extraction, and drive the use of satellite imagery in real estate business.

On the right, ArkEdge Space Inc. (ArkEdge) provides end-to-end solutions for micro-satellite constellations, from planning to mass production and operation. They have developed satellites for remote sensing, IoT, communication, radio wave observation, and lunar infrastructure.

We will collaborate with ArkEdge on micro-satellite control services, ground station services, leveraging our facilities and assets. Additionally, we will work together on various business initiatives utilizing diverse micro-satellite missions. By combining our expertise and assets, we aim to expand our business beyond geostationary orbit.

p.14: Media Business Vision

This is a restatement of the Media Business vision. In the Media Business, our vision is to enhance fan experiences through broadcasting, streaming, and real-world virtual interactions, contributing to the realization of a diverse and creative society.

p.15: SKY PerfecTV! Professional Baseball Set: Initiatives for the 2025 Baseball Season

First of all, I would like to explain our initiatives for the 2025 baseball season beginning on March 28. We will continue the “U30 Discount Campaign” offered to younger generations. This campaign, which began in 2023, we were able to attract approximately four times as many new subscribers under the age of 30 as in 2022, the year before the campaign was implemented. In 2024, we also acquired more new subscribers under the age of 30 than in 2023. Based on these results, we will continue the campaign this season to attract younger fans.

We also plan to renew the Professional Baseball Set App in time for the season opener. This app will allow users to enjoy live streaming while viewing related information such as player data, rankings, and standings to further enjoy the baseball game. We will continue to strive to meet the expectations of baseball fans with SKY PerfecTV! for professional baseball.

P.16: Expanding Revenue from Non-Broadcast Content and Hosting Live Events

In addition to events linked with broadcasting and streaming, we are also taking on the business challenge of earning box-office revenues, aiming to expand non-broadcasting content revenues. On November 2, 2024, we hosted “The Secret Show”, a talk show themed around urban legends, at the TOKYO ARIAKE ARENA. Tickets were sold out for two shows, attracting a total of approximately 30,000 attendees.

Additionally, we held an event for “Mitsuru Manaka Goes!” which is currently airing on our channel, “Sports Live+”. Even during the baseball off-season, we are working to provide real experiences beyond broadcasting and streaming, allowing fans to enjoy baseball through SKY PerfectTV! We will continue to focus on expanding revenues from non-broadcast content.

p.17: Connected TV: SKY PerfectTV! Plus NetStick Monitoring Program Ongoing

Since October, SKY PerfectTV! Plus NetStick monitoring program has been offered to our service subscribers who are shown on the left side of the slide and to our partner companies shown on the right side. We are currently conducting surveys of participants and verifying usage in preparation for a full-scale launch. The graph shows excerpts from the survey results. Approximately 60% of users gave high ratings to the usability. In addition, about 40% of users have increased the amount of time they spend watching video streaming.

By offering both broadcasting and streaming services, we are currently verifying to provide our subscribers with a richer viewing experience by leveraging the strengths of each service.

p.18: Initiatives to Provide Satellite Broadcasts as an Alternative to Terrestrial Broadcasting in Geographically Disadvantaged Areas

Next, I would like to introduce a study on the use of satellite broadcasting as an alternative to terrestrial broadcasting. We are participating in this project under contract with NTT Communications Corporation, the prime contractor for the pilot project commissioned by the Ministry of Internal Affairs and Communications (MIC), providing support for transmission and experimental activities.

This pilot project utilizes the vacant bandwidth on JCSAT-110A, which became available following the end of 4K broadcasting. Two channels of Kagoshima Prefecture’s terrestrial digital broadcasting will be transmitted to the SKY PerfectTV! Tokyo Media Center and uplinked to the vacant left-hand circular polarization bandwidth of JCSAT-110A for viewing verification in the target areas in Kagoshima Prefecture.

By leveraging our existing assets, we aim to develop practical applications in areas where terrestrial radio waves are difficult to reach, such as mountainous regions and remote islands. We continue to work on building a resilient broadcasting and communication infrastructure and bridging the information gap.

p.19: Expansion of Media Solution Services Utilizing Existing Assets

Next, let me introduce services utilizing existing assets. First, please watch the introduction video.

[Showing video]

We provide one-stop solutions to our customers' video-related challenges by leveraging our SKY PerfectTV! Tokyo Media Center's broadcast distribution assets and the expertise cultivated through live broadcasts and program production.

Our service features comprehensive solutions from video transmission to operational monitoring and customer support. The graph on the right shows the sales forecast for media solutions services.

Our efforts to acquire new customers have been successful, and some projects are already set to begin service in the next fiscal year, we expect revenue in FY2025 to be YoY 120%.

p.20: SKY Perfect Customer-relations Corporation (SPCC) Converted to Joint Venture Company

Lastly, we partially transferred shares of our 100% subsidiary, SKY Perfect Customer-relations Corporation (SPCC), to BELLSYSTEM24 HOLDINGS, INC. (BELLSYSTEM24) as of January 1, 2025, making it a joint venture.

Through this partnership with BELLSYSTEM24, a leading company in the industry, we aim to address labor shortages in the business process outsourcing sector by quickly establishing a hybrid contact center using generative AI.

By combining SPCC's award-winning achievements with BELLSYSTEM24's expertise, we will further enhance service quality and improve the efficiency of our customer center operations.

Thank you for your attention.

Question-and-Answer session at video conference for the Q3 of FY2024

Details and Expectations of the Low Earth Orbit Earth Observation Business

Questioner: Yesterday, you announced entering the LEO Earth orbit earth observation satellite business. Can you share more details and your expectations?

Yonekura: Since 1989, we have launched over 30 GEO satellites, but for future growth, relying only on GEO will not work. So, we are expanding into medium and low Earth orbits as well. This will help us capture more business opportunities. We will work with companies like iQPS Inc.

(iQPS) and others on a case-by-case basis. We have been selling Planet's optical satellite imageries for years, and iQPS focuses on radar satellites. People often ask, "which is it, optical or radar?" The answer is both. Our offerings include low Earth orbit, medium Earth orbit, and geostationary orbit, and within those, we provide both optical and radar satellites.

We will keep offering different satellite data based on market needs. Yesterday, we took a big step by announcing we will build and own our LEO satellite constellation. This is just the start of offering satellite data to meet our customers' needs.

The Issues Surrounding Fuji Television

Questioner: This is not directly related to your financial results, but I want to ask about the media industry issues. The situation with Fuji TV is spreading, with sponsors pulling ads and pointing out governance problems. The third-party committee's findings should be out soon. Your company's biggest shareholder is a joint venture between Itochu and Fuji Media Holdings, and Fuji's new president is on your board. How does this affect your company, if at all, and what is the outlook?

Yonekura: Itochu-Fuji Partners is our largest shareholder, but it is not the sole largest shareholder. As for our board, one-third of our outside directors are independent, and we have Nomination & Remuneration Committee with a majority of independent directors. We are not in a structure to receive significant governance issues from Fuji TV. We are focused on transparency and sound management, and our internal control system keeps us independent from major shareholders.

We have had dealings with the Fuji Group on advertising, satellite services, and program supply, but I cannot go into detail due to confidentiality.

Once the third-party committee reports its findings, we will decide how to respond. For now, I can say there is no significant impact on our financial results.

The Background of the Change in Dividend Plan

Questioner: About the dividend plan, you have kept it stable before, so what is behind the sudden JPY5 increase?

Kubo: We announced we would return JPY 40 billion to shareholders over five years starting in FY2022. With only two and a half years left, we looked at share buybacks or dividends. Since it is a good time for the growth investment and the upward revision, we decided to raise the dividend by JPY5.

Questioner: How do you plan to do share buybacks?

Kubo: We are considering share buybacks, but we are also thinking about what shareholders would appreciate more—dividends or buybacks. We would like to share the details when we announce the FY2025 forecast.

Regarding the Low Earth Orbit Earth Observation Satellite Business

Questioner: Your company has not disclosed the operational timing yet about the LEO Earth observation satellite business, but a Nikkei article mentioned that the 10-satellite constellation system will start in 2027. Is that correct?

Ogawa: Yes, that is right. We plan to start with 10 satellites in 2027.

Questioner: About profitability—since the investment is JPY 40 billion, that means JPY 8 billion in depreciation every year over 5 years. You already have annual contracts with the Ministry of Defense for over JPY 8 billion in satellite imagery sales. So, if you bring this in-house, will you be above the break-even point starting in FY2028? Also, how do you see your involvement in the Ministry of Defense's satellite constellation PFI project?

Ogawa: The Ministry of Defense orders come through annual tenders, so it is hard to say for 2027. Right now, we offer 50 cm resolution, but we will be able to offer 30 cm resolution, which is a better service. We are pushing for projects that can use this.

As for the investment, with JPY 40 billion and a 5-year satellite lifespan, the depreciation is JPY 8 billion a year. We are confident we will make enough profit. We expect revenue not just from the Ministry of Defense but from other government agencies and private demand as well. By 2030, we aim to reach JPY 23 billion in sales and be profitable.

For the PFI project, the budget is still under discussion, but once it is decided, we will do our best to provide our services. However, I cannot comment on specifics for now.

Outlook for the SAR Satellite Business

Questioner: Could you share your plans for the SAR satellite business in the PFI project moving forward? I understand the budget is being discussed in the Diet as well.

Ogawa: Yes. iQPS, in which we have invested, is continuously launching satellites to form a SAR satellite constellation. We aim to expand our business using iQPS's SAR satellites and work together with them to address security-related demand with their satellites.

Positive and Negative Factors in the Performance Plan for the Fiscal Year Ending March 2026

Questioner: For FY2025, what are the main positive and negative factors in the Space and Media Businesses that will affect this? Also, how will the space-based optical telescope on ETS-9 impact your business in FY2025, considering the launch depends on JAXA?

Kubo: We are finalizing next year's plan, but we are expecting an increase in profits. For the Media Business, we expect Revenue from viewing fees to decline gradually, but we are working on increasing non-broadcast content revenue to maintain overall revenue.

For the Space Business, it is a major growth driver for us, and we are aiming for higher goals next year. I cannot give specific numbers, but we are aiming for better results than this year.

Yonekura: Regarding the space-based optical telescope, the launch is slightly delayed, but we expect it to happen in FY2025. I cannot comment on the exact economic impact right now, but space monitoring is becoming more important due to geopolitical changes. We want to monetize this and reflect it in next year's financials if we can.

Regarding the partner companies for "SKY PerfecTV! Plus NetStick"

Questioner: The document mentions that the service is being offered to customers of partner companies. Could you specify what kind of companies these partner companies are? Through which companies are you providing this stick to the customers?

Matsutani: Due to confidentiality obligations, we cannot disclose the specific names of our partner companies at this time. However, we are collaborating with retail companies, cable TV companies, and ISP operators to explore whether this NetStick can be effectively utilized and to develop a successful monetization strategy.

Regarding the impact on existing services with the introduction of "SKY PerfecTV! Plus NetStick"

Questioner: On page 17 shows survey results from monitor participants. Are there any other survey results that can be disclosed at this time? In particular, I am very interested in whether the utilization of SKY PerfecTV! program distribution and SPOOX has increased due to the use of this SKY PerfecTV! Plus NetStick.

Matsutani: We are distributing the SKY PerfecTV! Plus NetStick mainly to SKY PerfecTV! subscribers. This has encouraged people who were not previously watching SKY PerfecTV!

program distribution or SPOOX to start enjoying broadcasts, and to also watch streaming content. As a result, viewing time for SKY PerfectTV! program distribution and SPOOX has increased. There are various surveys on the leading video streaming services on Connected TVs, but a significantly larger number of monitor participants are watching SKY PerfectTV! program streaming and SPOOX via the SKY PerfectTV! Plus NetStick.

We aim to provide our subscribers with a richer lifestyle through the hybrid use of broadcasting and streaming services by the SKY PerfectTV! Plus NetStick. We are also conducting a survey to find out whether the launch of streaming services will render broadcasting services unnecessary and how viewing time for broadcasting has changed. On the other hand, there are users who have increased their broadcasting time, and this has not had a significant impact on their viewing of the broadcasts, and they are also watching streaming services. Based on this data, we are actively considering our future business strategies.

Regarding the launch timeline and revenue model of "SKY PerfectTV! Plus NetStick"

Questioner: I believe you have disclosed that the monitoring program will end on August 31 of this year, and I would like to ask you when you plan to start providing the service.

Matsutani: We hope to finalize the business model and make the decision to launch early in fiscal year 2025. Since the service launch involves further distribution of the SKY PerfectTV! Plus NetSticks, we are currently considering starting the service within FY2025.

Questioner: Regarding the revenue model, will the SKY PerfectTV! Plus NetSticks be provided free of charge, or will they be offered as a paid model? What is your current vision for the revenue model at this point?

Matsutani: We are assuming various patterns. We are exploring options such as distributing the sticks for free, selling them, or offering them as rentals. We are also evaluating how much advertising revenue can be generated on the connected TV screen.

Revenue Model for the Low Earth Orbit Satellite Launch Project with Planet Labs

Questioner: About the low Earth orbit satellites, Planet Labs' release said they will build, launch, and operate them for seven years. What does this seven-year period mean? Also, Planet Labs said they will guarantee capacity but use extra capacity for their own sales. So, does this mean both your domestic sales and Planet's sales to the U.S. government or private sectors will count? Can you explain this from your company's perspective?

Ogawa: The seven years refer to the gap between launching the first and tenth satellites. Services will start with the first satellite, and by the time the tenth is launched, it will take about seven years.

As for the sales, it is not just for Japan. We plan to work with Planet to handle overseas sales, using their network. Our goal is to reach JPY23 billion in revenue by FY2030 through a new sales company.

Questioner: Even if you pay commissions to Planet for overseas sales, will you still make a profit? Since you must prioritize the Ministry of Defense, if that is covered, can Planet sell to the U.S. Space Command, etc.? Also, does the JPY23 billion target include all revenue from commercial and public sectors?

Ogawa: Yes, the JPY23 billion includes all of that. We believe still to make a profit, even with commissions to Planet. As for selling to the U.S. Space Command, yes, that is fine. Our main priority is having the right to the satellite imagery we need for Japan. Once we fulfill that, we can sell the rest overseas.

Regarding the Feasibility of the Production System for Pelican

Questioner: I understand no other company in Japan has a 50 cm resolution optical satellite constellation plan except yours. Are you aware of any others?

Ogawa: Yes, we believe we are the first in this field.

Questioner: Regarding Pelican's production, Planet launched a commercial unit last month. The plan is scheduled to launch 10 satellites by 2027. Are you confident about meeting this timeline with manufacturing, the launch pads and rockets secured?

Ogawa: Yes, the first satellite will launch in H2 2026, and all 10 will be launched by mid-2027. We have confirmed this with Planet.

Questioner: So, you are handling iQPS products and selling Planet's optical satellites in Japan. Now with Pelican, you are expanding both domestically and internationally. I am concerned you have not had your own LEO assets before, but now it seems you have completed your asset portfolio, which is great.

Regarding the Collaboration Framework with iQPS

Questioner: iQPS is raising funds through stock acquisition rights and other methods. Is your company considering a more strategic approach with infrastructure, as you work with iQPS on sales and monitoring?

Ogawa: Yes, we are considering this. By combining SAR and optical observation satellites, we believe we can provide various low-orbit solutions. We are steadily working on to make them a reality. Currently, we are working closely with iQPS to expand SAR image sales as a shareholder invested in iQPS.

Regarding the Expansion of Demand Sources for Space-based Optical Telescope in Relation to the U.S. Military

Questioner: About the space-based optical telescope, are their customers only in Japan, or is this a global project, including the U.S. military and others? Last year, Mr. Yonekura mentioned discussing business with the U.S. military. What is your view on that?

Yonekura: Last year, I went to Washington D.C. to talk with the National Space Council. They are interested in how Japanese companies can contribute to U.S. tech services. For example, our optical telescope system on JAXA's ETS-9 satellite is US-made.

We will provide BtoG services to the Japanese government first. If the US Space Force in Japan wants to share or request new services, we are ready to offer them.

Outlook for the Asian Market in Global and Mobility Area

Questioner: I was surprised by Global and Mobility Area's drop in revenue in Q3. It seems like competition in Asia is increasing. Your company plans to grow market share in Southeast Asia by launching big satellites in 2027, but given the current market, do you think this is achievable? Will sales really increase in Asia from 2027 onward?

Ogawa: Demand in Southeast Asia is growing, but prices are dropping, which means more competition. We expected this price drop and think it will continue. However, the two SDS satellites we are launching are high-capacity and competitively priced, so we believe they will help us capture market share despite the tough competition. We are eager to launch them and start service soon.

Delays in the Space Compass Business

Questioner: About Space Compass Corporation, there is a one-time loss under the equity method, and it seems progress is behind. There is no revenue yet, and the plans for Satellites 2

and 3 are undecided. How is your company handling this, especially with NTT Corporation (NTT) involved?

Ogawa: Space Compass is dealing with many complex and demanding projects, so progress has been slower than expected. However, we are continuing to tackle these challenging tasks and are working closely with NTT for support. The optical data relay satellite's launch is delayed, but we are reworking the plans with Space Compass to stay on track and reach our goals.

Revenue Forecast for New Content Businesses

Questioner: I would like to ask you about the Media Business which saw a significant sales increase in Q3. I believe this is due to new businesses, including SKY Perfect Pictures Inc. Could you tell us about the profitability of these new businesses? Additionally, you mentioned earlier that subscription revenue is expected to decline next fiscal year. How much revenue and profit support do you anticipate from these new content and business in the next fiscal year?

Matsutani: As you pointed out, we have been able to generate revenue through live events and animation. Although, we cannot provide specifics details on the profit base, but we recognize that we are currently moving forward with a structure that will produce a net profit from those contents. As for the future, we are aware that both talk events and animations have relatively successful, but unlike the stock business of broadcasting, it is a matter of how much each animation or each event can grow, it is a world in which there is a chance of success and a chance of failure. However, we are currently working hard to increase revenue from talk events, live events, and animation even more than this fiscal year.

Questioner: Just to confirm, we can see its contribution for six months for FY2024, but is it correct to understand that next fiscal year, if this goes well, will be at least a full-year, 12-month contribution?

Matsutani: As I mentioned earlier, live events generate revenue individually, and animations generate revenue based on their series. The success varies for each title. Unlike broadcasting, which provides continuous revenue with a stable subscriber base, live events and animations do not continuously add to the revenue. However, we believe that by increasing the number and quality of these services, we will be able to increase our revenue.

Possibility of Expanding into other LEO Satellite Businesses besides Earth Observation

Questioner: You are starting with low orbit optical and SAR satellites with iQPS. Are you considering other areas beyond observation satellites? For example, ArkEdge is working on ship communication and positioning. Are you planning to focus on low orbit communication and positioning too?

Yonekura: There are many options. Besides low and geostationary orbits, there's MEO (medium Earth orbit). When we look at service quality and pricing, Starlink is not always the strongest. Some systems need many low orbit satellites, while MEO could cover the Earth with just 30 satellites, reducing costs. Also, using light to increase data capacity is another possibility. So, we are looking at all options and want to be a provider offering the available best services with all types of orbits.

Impact of U.S. Space Policy Under the Trump Administration on the Commercial Space Industry

Questioner: With Trump in office and Elon Musk being part of his administration, people say the government is favoring SpaceX, especially with the "Mars" goal mentioned in his inaugural speech. Given this, your company recently set up a new subsidiary in the U.S. to start a low Earth orbit business. What is your view on the Trump administration's space policy and the commercial space industry?

Yonekura: The U.S. Space Force was established during Trump's first term. Under Biden, it continued to grow and received more funding. the U.S. has established a Space Force presence in Japan, strengthening its cooperation with Japan's Air Self-Defense Force Space Operations Group. This has no negative impact on us at all. Also, we have launched satellites with Elon Musk's SpaceX before. Including iQPS, we are likely SpaceX's largest Asian customer. We might use other competitive launch companies sometimes, but we plan to continue working with SpaceX for projects like Superbird-9. Planet's Pelican uses Falcon 9, which will keep launching small satellites frequently, even with Starship. So, we believe our 10-satellite plan will work since Falcon 9 launches multiple times a week. If there's opposition to SpaceX's dominance, we could turn to Europe's Arianespace or Mitsubishi's H3, which could be competitive in 4-5 years. Overall, Elon Musk's SpaceX will not be a negative factor for our growth. Instead, it could strengthen our relationship.

If you have any inquiries regarding the financial report presentation, please do not hesitate to contact us. Additionally, if you are interested in scheduling an interview, please let us know.

SKY Perfect JSAT Group



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