

Presentation (Transcript with Q&A) at the video conference for the full-year 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) SKY Perfect JSAT Corporation: Daisuke Nakagawa (Board Director, in charge of Media Business) Teruo Yamashita (Board Director, in charge of Space 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.3: Highlights

I would like to explain three points of the highlight.

First of all, we were able to exceed our revised forecast for FY2024 in terms of profit, with net income of JPY19.1 billion, the highest since the Company was listed on the stock exchange.

FY2025 is a year of start and change toward the realization of “Multi-Orbit”. We expect Net Income to be JPY21 billion to focus on “Enhancement of Revenue Base”, “Innovation in Strategic Businesses” and “Challenge into New Business Fields”. The Space Business is expected to see an increase in both revenue and profit, while the Media Business is projected to achieve higher profits despite a decrease in revenue.

As we will explain later, we have raised our net income target for FY2030 from JPY25 billion to at least JPY28 billion. However, FY2030 is only a passing point. We believe that we need to invest aggressively to transform the Company for further growth beyond 2030.

At the same time, we have changed our dividend policy to increase returns to shareholders while focusing on investment for growth. From the fiscal year ending March 31, 2026, we have decided to set the dividend payout ratio at 50% or more and the minimum annual dividend per share at JPY38.

Again, we are still growing. We hope to show you how we are evolving through investment and business model transformation.

p.5: Consolidated Earnings Results for FY2024

Kubo: For the full year of FY2024, revenue amounted to JPY123.7 billion, up 1.5% from the

previous year. Operating income was JPY27.5 billion, up 3.6%. Net income was JPY19.1 billion, an increase of 7.7%.

Against the revised forecast announced in February, net income exceeded JPY19 billion, reaching a record high since the Company's listing.

Next, I would like to explain our performance by segment.

p.6: Earnings Overview: Space Business

The decrease in broadcasting transponder revenue due to the end of 4K broadcasting, a special factor this fiscal year, was offset by an increase in revenue from satellite imagery sales, etc. in the Space Intelligence Business, as well as increases in revenue in the Global and Mobility Area and New Business Fields.

On the expense side, although operating income decreased by JPY0.8 billion from the previous year as a result of expenses for future growth, segment income on a net income basis was able to achieve the revised forecast.

p.7: Earnings Overview: Media Business

Operating revenue has decreased due to a gradual decline in subscription numbers, resulting in lower viewing fee income. However, FTTH revenue has increased, and Non-broadcast content revenue (such as anime, and talk events) has expanded. As a result, operating revenue was JPY65.5 billion, down JPY1 billion from the previous year.

The profit improvement was largely thanks to a reduction in satellite line usage fees due to the end of 4K broadcasting and other factors, as well as improved operational efficiency.

Despite the investment in development expenses for new services, operating income and segment income increased by JPY1.9 billion from the previous year, improving profits as forecasted in the revised forecast.

p.9: Our Management Policy for FY2025

Next, I will explain the consolidated earnings forecast for the current fiscal year.

As stated in the slide, our management policy for FY2025 is to aggressively execute investments for a leap forward in FY2030 and beyond, and to engage in business based on these three pillars: "Enhancement of Revenue Base", "Innovation in Strategic Businesses", and "Challenge into New Business Fields". At the same time, we have decided to increase shareholder returns.

As I will explain in detail later, net income for FY2025 is expected to reach JPY21 billion and

investment is set at JPY70 billion. Also, as the president mentioned at the beginning of this presentation, we have decided to increase the dividend payout ratio.

p.10: Our Strategic Focus for FY2025 Growth

In FY2025, we will work on projects based on the three newly established axes.

“Enhancement of Revenue Base” means that we will refine our business and increase our earning power with respect to the current sources of our profits: the telecommunication-related business in the Space Business and the broadcasting and distribution business in the Media Business.

Specifically, in the Space Business, we will expand sales to mobility and global markets ahead of the deployment of the launch of next-generation satellites in FY2027 and beyond.

In the Media Business, we will focus on our core products, which are chosen by many subscribers, and on maintaining a high value subscriber base.

Next is “Innovation in Strategic Businesses.” This is a business initiative that anticipates changes in the business environment and work on new projects that have become promising sources of revenue through the transformation of our business model. In the Space Business, we will continue to transform our business model by owning our own constellation of 10 low-orbit earth observation satellites, which we announced in February this year.

As for the Fiber-optic Alliance Business in Media Business, the existing optical re-transmission service was only a B-to-C model, but the CATV pass-through service launched in FY2022 has a revenue structure based on a B-to-B-to-C model. As such, we will continue to expand and evolve this model as well as steadily expanding the number of households we serve.

The last initiative is “Challenge into New Business Fields,” which is a new and challenging area with a somewhat long-time horizon for monetization.

In the Space Business, we are working with JAXA on the SSA (Space Situational Awareness) project, Space Compass on the optical data relay project, and our subsidiary Orbital Lasers Co., Ltd. in the space debris removal business.

In the Media Business, we will also focus on creating new businesses that will enhance our corporate value in the future, such as the Content IP business of SKY Perfect Pictures Inc.'s animation business and connected TV service.

p.11: Financial Forecast for 2025

We aim to increase revenues and profits in FY2025 by enhancing revenue base and innovating in strategic businesses initiatives.

Operating revenue is estimated at JPY127.6 billion, operating income at JPY30.8 billion, and net income at JPY21 billion.

p.12: Financial Forecast by Segment for FY2025

The Space Business plans to increase revenue and profit this fiscal year. While we expect the decline in broadcasting transponder revenue to continue, we will focus on expanding GEO satellite communication services for mobility applications.

In the Media Business, we expect a decline in viewing fees etc., but we plan to raise the profit level—which was raised in the previous fiscal year—by one more level. We will curb the decline in broadcasting business revenues by focusing on mainstay products such as “SKY PerfectTV! Basic Plan” and “Professional Baseball Set,” while at the same time decisively implementing cost structure reforms, including the cost of operating the SKY PerfectTV! Tokyo Media Center. Moreover, we hope to ensure profit growth through expansion of the Fiber-optic Alliance Business.

p.13: Investment Plan for FY2025

Over the three-year period from FY2022 to FY2024, we have executed investments amounting to JPY72 billion. In FY2025, we plan to invest approximately JPY70 billion in a single year. We will accelerate our investment here at once.

Specifically, we will ensure the procurement of next-generation and a low-orbit satellite constellation that has already been ordered and the expansion of our Space Business premises. We will also make solid business investments in New Business Fields, including Space Compass Corporation.

We are planning to make investments of a similar scale in FY2026 and FY2027 as well, and by FY2030, the total cumulative investment is expected to exceed JPY300 billion.

p.14: Consolidated Balance Sheet and Consolidated Cash Flows for FY2025

We have not been explained the balance sheet and cash flow in the past, but we intend to do so going ahead.

First, look at the balance sheet on the left side of the slide. Assets are divided into assets by the

Space Business and the Media Business for clarity. Below that is the eliminations and corporate total, which consists mainly of cash and cash equivalents.

On the asset side, depreciation and investment were in line with each other in FY2023 and FY2024, so both business assets and funds of the eliminations and corporate total remained almost flat. However, as explained earlier in the investment plan, we plan to invest JPY70 billion in FY2025, and we will convert the funds into high-return business assets.

If you look at the cash flow on the right side of the slide, we expect operating cash flow for FY2025 to be approximately JPY47 billion. Investing cash flow is expected to be JPY68 billion, and free cash flow will turn negative.

The same situation will continue for the three years after FY2025. Leveraging our abundant equity capital, we plan to implement investment by funding including external borrowing beyond FY2026.

p.15: Towards 2030

I would like to continue by describing our goals for FY2030, focusing on the quantitative aspect. Through steady business initiatives and investment in growth, we have raised our net income target for FY2030 from the current JPY25 billion to JPY28 billion or more.

In the Space Business, the growth of the Space Intelligence Business will be the driving force behind the significant increase in profits. In the Media Business, in addition to enhancing the revenue base in the broadcasting and distribution services, we will transform our business structure to be able to maintain a stable profit level of more than JPY6 billion by expanding the Fiber-optic Alliance Business. We will then take on the challenge of commercializing New Business Fields, aiming for JPY7 billion in FY2030.

Over the several years following FY2026, we expect an increase in depreciation expenses due to the operation of next-generation satellites such as JSAT-31 and Superbird-9, as well as low-earth-orbit satellite constellation. However, we aim to raise our EBITDA-based earning power—our fundamental profitability—from JPY48 billion in FY2025 to at least JPY74 billion by FY2030.

p.16: Expansion of Shareholder Return

While focusing on investment for growth, we will expand shareholders returns.

Effective from the fiscal year ending March 31, 2026, the Company will change its dividend policy.

We set the dividend payout ratio at more than 50% and the minimum annual dividend per share at JPY38. In addition to raising the dividend payout ratio, the Company intends to flexibly trigger share repurchases depending on the situation.

p.17: Trend of Shareholder Returns

Based on the new dividend policy, the annual dividend forecast for FY2025 is JPY38 per share. The annual dividend for FY2024 was increased by JPY6 to JPY27 per share and will be increased by another JPY11 for the current fiscal year.

As a result, cumulative shareholder returns over the four-year period from FY2022 to FY2025 will total JPY35.2 billion. The cumulative total of shareholder returns by FY2026 is expected to exceed JPY46 billion, which means we are on track to surpass the JPY40 billion commitment announced in FY2023.

p.18: Enhancing Corporate Value

Our policy is to implement and link the five actions shown here, while focusing on the shareholders' perspective to realize the enhancement of corporate value.

We will continue to invest aggressively in growth in FY2025 and beyond, as we have explained in our growth investment and earnings progress toward FY2030. The funds will then be allocated toward high-performing assets. For this purpose, we are considering leveraging debt financing for strong funding needs of the Company.

In terms of investment management, our policy is to execute high-quality investments with an awareness of the 7% hurdle rate, and to ensure that income and expenditure management is thoroughly implemented within the Company. In addition, the Company has decided to introduce ROIC as an internal management indicator on a trial basis beginning this fiscal year.

With the aim of further promoting management from the same perspective as our shareholders, we have decided to increase the ratio of restricted stock in Directors' remuneration. As for shareholder returns, it is as I explained earlier.

To support the realization of such strategic decision-making, we will also work to establish proper governance, including appropriate risk control and thorough compliance.

p.20: Multi-Orbit Fleet Strategy for Growth

Yamashita: For the past 35 years, we have been providing satellite communication services by

utilizing communication satellites deployed in geostationary orbit. To drive further business growth, we will expand our operations beyond GEO to include non-GEO domains such as LEO, MEO, and even the stratosphere, through strategic partnerships with domestic and international players. This will accelerate our transition to a Multi-Orbit business model.

We will also expand our asset portfolio beyond communications satellites to include Earth Observation Satellites and SSA satellite. Through the diversification and value of these assets, we will evolve from a GEO-only satellite operator to a Space Solutions Provider.

p.21: Key Growth Strategies

Next, I will explain our key strategies for business growth.

In both the B-to-G market, for the Ministry of Defense and other public agencies, and the B-to-B market, we will continue to strengthen our revenue base, innovate in strategic businesses, and challenge into New Business Fields, as shown in the slides.

In the B-to-G market, as the importance of space increases due to changes in international circumstances, we have been providing satellite communication networks and satellite operations to public agencies, including the Ministry of Defense. By offering resilient communication networks that meet their needs, we support a part of the infrastructure for these public agencies.

Building on our long-standing partnerships, we will continue to play a crucial role in the communication infrastructure while advancing and diversifying our solutions, including satellite imagery sales, to innovate our business.

In the B-to-B market, as the use cases and needs for communication continue to diversify, we are building a multi-layered communication network, "Universal NTN," which integrates our GEO satellite network with other companies' satellites and HAPS. This enables us to flexibly respond to communication demands, such as in-flight Wi-Fi and international markets, aiming to expand our revenue base.

We will also respond to the growing demand for satellite data and further advance our business through the development of advanced services combined with imagery analysis technology.

Furthermore, we will actively challenge new application areas utilizing space and the stratosphere, such as Space Situational Awareness (SSA), Quantum Key Distribution (QKD), Optical Data Relay, and HAPS.

Through these efforts, we plan to achieve sustainable growth and increase revenue while flexibly responding to the changing needs of society and our customers.

p.22: Approach to Space-related Government Budget

First, we will discuss public sector and government demand.

In recent years, Japan's space-related government budget has increased significantly, reaching nearly JPY10 billion in FY2024, including supplementary budget. In particular, the space-related defense budget is expected to total JPY1 trillion over the five years from FY2023 to FY2027.

In this context, we have been advancing initiatives that align closely with the government's "Space Security Strategy." By accurately responding to the needs of the Ministry of Defense, we are strengthening our contributions to the national security domain. In the fiscal year 2024, our revenue in the national security domain reached approximately JPY10 billion. In FY2025, we plan to increase this to JPY13 billion and further grow it to around JPY30 billion by FY2030.

p.23: Approach to Japan Space-related Government Budget (FY2025)

In FY2025 space-related government budget, the proportion allocated to the Ministry of Defense remains significant. For example, JPY123.8 billion is allocated for the defense communication satellite, JPY24.7 billion for the collection of image analysis, and JPY283.2 billion for the building satellite constellations.

In this context, we are particularly advancing initiatives in two areas.

First, in the field of communications. We are currently serving as the representative company in the PFI project for three defense communication satellites, "Kirameki" and we plan to continue actively contributing to the successor of defense communication satellite, "Kirameki 2." Furthermore, in addition to the communication services we have been providing with our own satellites and the operation of "Kirameki," we will continue to respond to communication demand and new needs for unmanned aerial vehicles (UAVs).

Next, the non-telecommunications area, the Space Intelligence Business. Currently, the Ministry of Defense is utilizing our optical satellite data. In the future, we aim to provide more advanced and flexible imaging services by utilizing our high-resolution Earth observation satellites, which are scheduled to be constructed in FY2026. These satellites will offer high responsiveness and flexibility.

We are also actively working with our partner companies to promote proposals for the construction of satellite constellations to enhance target detection and tracking capabilities.

Through these initiatives, we aim to play a key role in this business.

p.24: Business Expansion Strategy for Commercial Market (Connectivity Business)

First, to strengthen our global expansion, we will promote collaboration and M&A with overseas GEO operators and Non-GEO operators to expand our sales and supply capabilities.

In addition, we will meet the strong demand for communications in Japan and the Asia-Pacific region through three GEO satellites, including fully digital satellites such as Superbird-9 and JSAT-31, as well as JSAT-32.

The graph on the left side of the slide shows the demand forecast for broadband communications for aircraft. In-flight Wi-Fi, as it is commonly known, is experiencing remarkable growth, and we intend to capture demand in this growing market by taking advantage of our spectrum rights and the unique characteristics of satellites in each orbital position.

In addition, communication needs are expected to further diversify in the future as new forms of mobility such as self-driving cars, flying cars, and drones emerge. In order to respond to these changes, we are building “Universal NTN” based on our own unique concept.

This is a multi-layered communication network that combines our own GEO satellites with those of other operators, as well as LEO satellites and HAPS, aiming to provide a universal communication environment that anyone can use, anytime, anywhere. Through these initiatives, we will continue to drive growth and expand revenue in the B-to-B market.

p.25: Business Expansion Strategy for Commercial Market (Space Intelligence Business)

Let me now explain our Space Intelligence Business, which utilizes satellite data within the commercial market. To date, we have acted as a distributor of satellite imagery through partnerships with U.S. based companies, Planet Labs PBC and Blacksky Technology, Inc., as well as iQPS Inc., with whom we have a capital alliance.

Furthermore, we are not only providing imagery but also focusing on the development and delivery of satellite data analytics applications to meet the diverse needs of our customers.

Please refer to the left slide, which shows our track record in imagery analysis. Building on these achievements, we intend to expand the use cases for satellite imagery going forward.

To further expansion of our business, we will also strengthen our partnerships with advanced

start-up companies.

As shown on the right, for example, we have entered into a capital and business alliance with Penetrator Inc., which provides “WHERE,” a real estate AI search engine that combines satellite data, administrative data, and web data. Through this partnership, we are working to address challenges in the real estate sector and create new value. In addition, we are in discussions with Tenchijin, Inc. regarding a water pipeline leakage risk management system. In this way, through collaboration with start-up companies, we aim to create new solutions and products using satellite data.

In February 2025, we announced the transition from the traditional agency model to a business where we own and operate LEO satellites constellation. Through this initiative, we intend to establish a system that ensures stable data supply and high immediacy, while continuously providing higher-quality services.

Through these efforts, we will continue to vigorously promote the growth of the Space Intelligence Business.

p.26: Initiatives Towards the Space Integrated Computing Network

Finally, I would like to report on the progress of Space Compass Corporation, our joint venture with NTT.

First, regarding the Optical Data Relay business, Space Compass concluded a contract with the Japan Ministry of Defense in March 2025 for the Geostationary Orbit Optical Communication Technology Demonstration. Although the details of the contract amount are not disclosed, this corresponds to the Ministry of Defense’s overview of the FY2024 Budget (JPY4.8 billion) under “Optical Datalink Demonstration on Geostationary Orbit,” and is intended for high-speed transmission of large volume data acquired during Space Domain Awareness (SDA).

In this demonstration, Space Compass plan to verify the feasibility of data transmission through optical communication via its GEO optical data relay satellite. This will contribute to enhancing SDA capabilities in GEO orbit, as well as accelerate efforts toward the commercialization of optical data relay services in the future.

Next, the progress of the HAPS business. Space Compass, in collaboration with NTT Docomo, successfully demonstrated direct communication to smartphones using HAPS flying in the stratosphere at an altitude of approximately 20 kilometers over Kenya. Building on this

achievement, Space Compass will accelerate development toward the early commercialization of HAPS.

We will continue to support Space Compass vigorously to promote both the optical data relay and HAPS businesses toward practical application.

p.28: Media Business Vision

Nakagawa: This slide shows our vision for the Media Business. We will expand our services by utilizing our business foundation and commit to achieve a segment profit of JPY7 billion by 2030.

p.29: Key Growth Strategies

The priority initiatives for FY2025 are presented here.

First, we will focus on strengthening our revenue base, centered on the Broadcasting and Distribution Business and the Media Solutions business.

Furthermore, to establish a pillar that will support the Media Business in the future, we will evolve the Fiber-optic Alliance Business. We will also challenge into new business field, such as promoting the anime Content IP Business and expanding into the CTV domain, etc.

p.30: Maintaining High Value Subscriber Base Through Focusing on Core Products

I will explain our Broadcasting and Distribution Business, which is the pillar of strengthening our revenue base.

In FY2025, we will continue to broadcast live sports content, focusing on professional baseball, domestic soccer, and Formula 1. We will also broadcast all official professional baseball games of the 12 teams in the Central and Pacific League live this season. As of March, the number of subscribers to the “SKY PerfectTV! Professional baseball Set” has been a strong start, with a YoY growth of 102% compared to the same month last year.

In addition, the Basic Package Plan, which offers 50 channels across 11 genres, contributes to retaining premium subscribers due to its high subscriber spend and a low churn rate. By focusing on core products such as “SKY PerfectTV! Professional Baseball Set” and “Basic Package Plan,” we commit to maintain our subscriber base and strengthen our stable revenue base.

p.31: Innovation in Fiber-optic Alliance Business

Fiber-optic Alliance Business is positioned as an Innovation in Strategic Businesses.

The number of households connected to the Optical Re-transmission Service is growing steadily, and we target to reach 2.95 million in FY2025 through cooperation with major mobile carriers. Furthermore, we are pursuing towards reaching 3.34 million households in FY2030.

In the CATV Pass-through Service, on April 16, we began providing services to OPTAGE Inc., a major telecommunications operator owned by a power utility company. With 0.7 million TV service subscribers, OPTAGE Inc. is one of the largest cable television operators in Japan.

By utilizing satellite communication and viewing key signal management technology, we address the challenges faced by CATV operators and meet customer needs. This initiative aims to maintain and develop multi-channel services beyond industry boundaries.

The number of CATV stations adopting the CATV Pass-through Service is 44 as of April 2025, but it is expected to reach 100 by FY2030.

p.32: SKY Perfect Pictures: Business Initiatives

Lastly, I would like to introduce the promotion of the anime Content IP Business, which is positioned as a key growth strategy for the Challenge into New Business Fields for FY2025.

Although content investment is a highly uncertain business, SKY Perfect Pictures Inc. achieved profitability in its first fiscal year of operation. A new production, *Fermat Kitchen*, will be broadcast on national terrestrial television starting in July.

Please continue to look forward to the initiatives of SKY Perfect Pictures.

That concludes our presentation.

Thank you for your attention.

Question-and-Answer session at video conference for the Q4 of FY2024

The plans for the Space Business in the current fiscal year

Questioner: First of all, I would like to talk about plans for this fiscal year. You are planning to increase revenues by JPY5.3 billion in the Space Business this fiscal year.

According to the presentation materials, it appears that you are planning to increase revenue in the mobile segment, likely driven by growth in in-flight Wi-Fi services. However, looking at last fiscal year's results, I believe that, excluding the impact of exchange rates, revenue from in-flight Wi-Fi continued to decline. This is expected to reverse significantly later this fiscal year. I would like to ask about the background of this as well.

Yamashita: In FY2025, revenue from the Space Business is expected to reach JPY70 billion, an increase of JPY5.3 billion year over year. As announced in Q3 of the previous fiscal year, this is mainly due to the fact that we have changed our revenue recognition to a gross amount in conjunction with the switch to the sale of satellite imagery from our own satellites. So, in addition to the increase in revenue from the Global and Mobility Field, particularly in-flight Wi-Fi services, we will also see an increase in revenue from the change in revenue recognition.

Questioner: If that is the case, I do not think there will be any particular impact at the operating income level, but I understand that you are planning to increase operating income by JPY1.3 billion in the Space Business this fiscal year. Please provide this background as well.

Yamashita: This reflects our projection that Operating Income will increase, driven by growth in the Global and Mobility field and the Space Intelligence Business, particularly in satellite imagery sales.

The plans for the Media Business in the current fiscal year

Questioner: What are your plans for the Media Business this fiscal year? While sales will decrease by JPY1.4 billion, Operating Expenses will be reduced by JPY3.3 billion, resulting in an increase of JPY1.9 billion. What specific measures are you planning to take, and what is the probability that you will be able to reduce Operating Expenses by JPY3.3 billion?

Nakagawa: First, there are three main cost-related items. First, optimizing content costs through selection and focus. Second, improving the efficiency of the SKY PerfecTV! Tokyo Media Center and reducing depreciation costs. Third, improving the efficiency of marketing expenditures. Since these are areas under our control, we believe they can be effectively managed in line with revenue trends.

On the other hand, we are also planning to invest in new businesses fields, including initiatives in CATV path-through service and the advancement of our Fiber-optic Alliance Business. We have allocated the necessary budget for these initiatives and forecast a positive contribution of JPY 1.9 billion to operating income and JPY 1.6 billion to Segment Profit. We believe we can make steady progress toward achieving these targets.

Questioner: Regarding your cost reduction plan, if we divide it into half-year or quarterly basis, would it be correct to assume that the impact will be spread evenly?

Nakagawa: Contents expenses vary depending on each title, so this part will fluctuate. Marketing expenses are not evenly distributed throughout the year, for example, they tend to increase at the opening of the Professional baseball season. Therefore, overall costs cannot be evenly divided into four equal quarters.

Questioner: What do you think about the room for cost reduction next fiscal year and beyond?

Nakagawa: We are currently focusing on cost reduction at the SKY PerfectTV! Tokyo Media Center and other facilities as part of our mid- to long-term strategy. Additionally, we are planning investment and cost reductions while closely following the three-year period outlined in our mid-term business plan.

Change of Dividend Policy

Questioner: The announcement of the dividend increase, following the one in February, marks a significant change in the dividend policy. Have there been any changes in the Company's approach to capital allocation or its dialogue with the market? Could you explain the background behind this decision?

Kubo: We have been having extensive discussion within the Company about various mid- to long-term strategies. Regarding investments, we are focusing on actively making a range of investments with a view to 2030 and beyond.

At the same time, while we have been focused on growth investment, we have also been discussing how to manage the Company with a stronger emphasis on shareholder value. Considering the balance sheet and other factors, we have decided to announce a new dividend policy for FY2025 and beyond, in addition to the policy previously announced in Q3 of FY2024.

Regarding shareholder returns, while there are various measures such as share buybacks, we recognize that share buybacks may pose challenges related to stock liquidity. Therefore, we believe that increasing dividends is the most reliable and stable way to return value to our shareholders. Based on this perspective, we have decided to raise our dividend payout ratio.

Yonekura: The phrase "dialogue with the market" was mentioned earlier, and I fully agree. Since the beginning of this year, through my investor relations activities, I have come to sense that while SKY Perfect JSAT is recognized as a serious business player in the promising space sector, its market capitalization does not fully reflect this potential. Many investors have expressed the view that management should be more conscious of this gap.

Therefore, as Mr. Kubo mentioned earlier, our intention is not simply to allocate funds to dividends, but to pursue a balanced approach that includes strategic growth investments. By demonstrating this dual commitment to both returns and growth, we aim to elevate our market capitalization to the next level. I would like to emphasize that this reflects a deliberate and conscious management stance.

Share Price and Valuation Targets

Questioner: In addition, from the perspectives of President Yonekura, do you have any specific targets or personal views on what you consider to be a reasonable valuation level for your company—such as stock price, P/B ratio, or P/E ratio?

Yonekura: I do not have a specific target in mind. However, as you may know, we currently have just under 300 million shares outstanding. With our share price now exceeding JPY 1,000, our market capitalization has surpassed JPY 300 billion, and our P/B ratio has risen above 1.

From my perspective, our valuation had been somewhat unsatisfactory or below industry norms until now. I believe we have just now reached the starting line. Naturally, we are aiming even higher from here. And I do not think it is particularly meaningful to specify a target figure for three years from now. That is the answer I can give at this point.

However, I would not say that we are satisfied with where we are today. As I mentioned, we have only just reached the starting line. With the mindset that everything begins now, we intend to keep moving forward with a clear focus on the future.

Past Performance and Future Outlook of the Space Business

Questioner: Looking at the results for the Q4 of the previous fiscal year, the increase in global sales was 100 million yen. At the announcement of Q3 financial results, the Company said there is an intense price competition in Asia, so I think this will continue for some time. After launch of large satellites in the medium term, will you be able to develop the market?

Yamashita: As you mentioned, price competition in the global market is intensifying, not just year by year, but even month by month. In response, we are focusing on a strategy that leverages highly competitive satellites such as Superbird-9 and JSAT-31, which are equipped with high-throughput and fully digital capabilities. These satellites will allow us to maintain Profitability, even amidst the extremely tough price competition in Asia.

Therefore, our strategy is to effectively capture demand despite the ongoing price competition, and when the new satellites are launched, we aim to convert this demand into sustainable

profits.

About New Business Fields in Space Business

Questioner: You recorded approximately JPY 500 million in revenue from “New Business Field”. Could you clarify what area this revenue came from?

Yamashita: The research and development contract between Orbital Lasers Inc. and JAXA has contributed to some extent to our profits.

The cause of the delay in the launch of JSAT-31, and details about JSAT-32

Questioner: Regarding the mid-term plans for the Asia-Pacific region, JSAT-31 is scheduled for launch in 2028, which seems to be one year behind schedule. Could you explain the reasons for this delay?

Yamashita: JSAT-31, a fully-digital satellite is ordered to Thales Alenia Space. Due to some development delays, there is a slight delay in the service launch. However, we currently expect no further delays.

On the other hand, JSAT-32 is a conventional satellite that covers Japan and is designed for the Japanese market, so it is a satellite that reliably connects and protects stable domestic customers, rather than a global satellite.

Performance and Cost Breakdown of the Media Business

Questioner: Regarding the Media Business, what is the background to continued growth in content revenue in the Q4 of the previous fiscal year? In addition, expenses have decreased considerably in the Q4 as a result of the digital shift, but what would be the contents of each?

Nakagawa: In Q4, the opening of the Professional baseball season on March 28 led to an increase in the number of sports-related subscriptions, which significantly contributed to the revenue growth. Additionally, with the successful progress of digitalizing our call center, we have been able to achieve cost reductions.

Revenue Contribution of New Business in the Space Sector

Questioner: Regarding the Space Business plan for FY2025, earlier you mentioned that the increase in revenue of JPY 5.3 billion is due to the change from net recognition to gross recognition in satellite imagery sales. In addition to that, there are several new initiatives,

including the PFI project for the Kिरameki 3 satellite, the outsourcing of JAXA's near-Earth satellite monitoring, the PFI project for JAXA's Technology Test Satellite 9, and the revenue from your space-based optical telescope, which were not part of last year's business. How much additional revenue do you expect these new projects to contribute?

Yamashita: The JAXA Near-Earth Tracking Network Service and dynamic object monitoring initiatives will contribute to future revenue, but they will not have a significant impact in this fiscal year. Regarding specific details, we have contracts with customer, so we are unable to disclose that information. We apologize for the inconvenience.

Reasons for the Decrease in Depreciation Expense and Breakdown of Upfront Costs

Questioner: While operating income is expected to increase by JPY1.3 billion, this is largely due to a JPY1.2 billion reduction in depreciation expense. EBITDA is projected to grow by only JPY100 million, which suggests that you are planning to incur a significant amount of upfront costs. Could you explain what types of upfront costs you are planning to allocate, and why depreciation expense is expected to decrease by as much as JPY1.2 billion?

Yamashita: For this fiscal year, depreciation related to the development of certain services for JAXA's near-Earth tracking network, which will incur in the future, has been recorded as an expense. Similarly, expenses related to SSA and other similar projects are also being accounted for, which has led to the accumulation of costs resulting in these figures. The reduction of JPY1.2 billion in depreciation expense is due to the expiration of the depreciation period for the existing satellites currently owned by our company.

Factors Contributing to the Increase in Revenue in the Media Business

Questioner: I would like to ask about the Media Business for this fiscal year. Regarding sales, you mentioned that the broadcasting business is seeing a decline due to a decrease in subscribers. How much revenue growth do you expect from the Fiber-optic Alliance Business and Content IP Business?"

Nakagawa: We will refrain from disclosing specific figures related to the Fiber-optic re-transmission services. Overall, although the number of subscribers has decreased, we aim to increase Average Monthly Contractor's Payment by focusing our marketing efforts on "Basic Package Plan" and "SKY PerfectTV! Professional Baseball set."

Additionally, there will be increased revenue from Non-broadcasting-related income, such as from anime, as well as revenue growth from the expansion of Fiber-optic Alliance business and

the CATV Pass-through service.

Measures for Cost Reduction in the Media Business

Questioner: You also mentioned that the cost structure reform will lead to a significant reduction in expenses. Could you explain specifically what measures are included in this reform? Additionally, depreciation expense in the Media Business is expected to decrease by JPY 1.2 billion — could you tell us about the background behind this reduction?

You mentioned “selection and concentration, SKY PerfecTV! Tokyo Media Center, and marketing” as part of your cost reduction efforts. Since the center is capital facilities, how exactly are you planning to improve efficiency and reduce depreciation expense in this area?

Nakagawa: The reduction in depreciation is largely due to a decrease in broadcasting-related depreciation at the SKY PerfecTV! Tokyo Media Center. We review these assets annually, and the cumulative effect of those reviews results in the overall depreciation amount. This is not a one-time adjustment but part of a medium- to long-term effort to reduce depreciation expense. In terms of operational costs, we are also implementing reductions by streamlining personnel-related expenses.

Space-related Government Budget

Questioner: Regarding the 10 LEO optical earth observation satellites. According to the Ministry of Defense's guidelines, the basic policy is to use domestically produced satellites. And the use of imported satellites is permitted only in limited cases where domestic satellites are difficult to utilize, and it requires the approval from Ministry of Defense. Since your company does not currently operate any domestically produced satellites, is it correct to understand that, structurally, you would participate as part of a consortium in collaboration with others?

Yamashita: I believe the “domestically produced” reference you just mentioned corresponds to the JPY 283.2 billion allocated for “Building satellite constellation” shown on this slide. In contrast, the optical satellites we announced in Q3 of last fiscal year are being procured primarily to target government budget “Collection of data for image analysis,” so their intended use is different.

Naturally, we will continue to explore the possibility of using our satellites as a backup in cases where domestically produced satellites cannot fully meet the demand. However, the satellites we have been procuring and own were not originally planned to contribute significantly to revenue from “Building satellite constellation.”

Questioner: Would it be possible to participate in the consortium while allocating part of the capacity for optical imaging purposes?

Yamashita: That understanding is correct. Naturally, if there are opportunities for commercial use, we do plan to focus on selling satellite imagery from our own satellites within the constellation. However, the original purpose of these satellites is to acquire data primarily for government-fund "Collection of data for image analysis."

The original application was to acquire data for imagery analysis, which remains our primary target for budget allocation. As an additional benefit, we also plan to supply satellite imagery to the constellation.

In the recent conference call with Planet Labs PBC, they mentioned that the needs of imagery outside of Japan's neighboring areas would likely not be much in the Japanese market. Therefore, they have a wholesale agreement where they will sell all imagery outside of Japan's vicinity, which they believe offers significant upside potential.

Questioner: If that is the case, then your company could simply have Planet Labs PBC sell the imagery in markets like the U.S., which would naturally increase your overseas revenue. How much potential do you think this has?

Yamashita: Regarding the potential overseas, we cannot disclose specific details at this time due to our existing contract with Planet Labs PBC. However, we do aim to jointly contribute to revenue, including in new markets we have yet to enter, such as the Asia region.

Therefore, the base focus is on the domestic National security fields, with additional contributions expected from overseas revenue generated through Planet Labs PBC. As we have not disclosed specific numerical details, we ask for your understanding.

The background to designating fiscal year 2030 as a year of "leap forward"

Questioner: You have designated FY2030 as the 'year of leap forward.' Could you please elaborate on what specific phase or developments you expect in that year?

Yonekura: The phrase 'FY2030 is the year of leap forward, but also just a steppingstone' is associated with the keyword 'Multi-Orbit,' which has already been mentioned in the presentation.

As you know, after launching the first GEO satellite in 1989, the Company primarily operated with assets limited to GEO satellites. However, we realized that this approach would not be sustainable and that we would not be able to remain competitive. Of course, there is still demand for communication and broadcasting satellites, and we will continue to generate cash flow from that segment. However, it is crucial to diversify our assets into MEO, LEO and HAPS.

For example, in the case of LEO satellites, 'Starlink' is dominating the market. However, that does not mean we cannot compete with them using assets in MEO or LEO. In fact, there are currently movements, particularly in Europe, to not only create LEO constellations with sufficient cost competitiveness, but also to develop MEO constellations.

Therefore, we are also aligning ourselves with this trend to diversify our assets and challenge various demands in the space market by utilizing assets in MEO and LEO, not just GEO. In terms of monetization, this is why we are positioning FY2030 as the 'Year of Leap' and 'Multi-Orbit' is one of the key concepts for us in that context.

The impact of the Trump administration in U.S.

Questioner: Could you explain the impact of the Trump administration on your business?

Yonekura: Looking at the situation in the U.S., even under the Trump administration, there has been almost no impact on the space industry. For example, there have been no efforts to scale down the U.S. Space Force, on the contrary, there is a growing trend to expand collaboration with the private sector.

Therefore, we also intend to make frequent visits to the U.S. and build strong relationships with both the U.S. government and military.

On the other hand, the Japan-U.S. cooperation framework in the space sector is only expected to strengthen, not weaken. We intend to steadily capture the increase in defense spending as a business opportunity. While there are some concerns about a potential economic slowdown due to tariff policies, we do not see this as a major risk for our company.

In particular, with regard to our relationship with the U.S., over 90% of our satellites since 1989 have been U.S.-made, and we expect that trend to continue. Although the JSAT-31 and JSAT-32 satellites are manufactured in Europe, we still plan to continue using launch services from SpaceX, led by Elon Musk.

While there is considerable uncertainty surrounding the U.S. at the moment, we believe there is no significant negative impact on our business model.

Positive Factors for This Fiscal Year

Questioner: The FY2030 targets have been revised upward. Could you share any specific factors from the past year that have contributed to this more optimistic outlook?

Yonekura: This fiscal year, we are not particularly adopting a more bullish stance. However, when I look at the progress since I became President, it is clear that having not only a GEO but also constellations in MEO and LEO has allowed us to offer more competitive services, which in turn has created new business opportunities.

It is not just having only GEO but also possessing assets in MEO and LEO that has made it clear over the past year that there are services we can confidently offer. Therefore, it is not a matter of being overly bullish, but rather that the elements that can be monetized have become stronger.

On the financial scale of the investment plan

Questioner: This fiscal year, the amount is set at JPY70 billion, and you mentioned that the same scale would be applied for the next and the following fiscal years. You also mentioned that by FY2030, JPY300 billion would be used. However, given this, it seems that the current plan may not be sufficient. Should we view the JPY300 billion as a rough target, with the possibility that it could increase to JPY400 billion?

Yonekura: As you mentioned, the JPY300 billion is one benchmark. As I mentioned last year, we do not believe this can be achieved by our company alone. When creating constellations in low, medium, and geostationary orbits, we believe that collaboration, both domestically and internationally, will be key.

Yonekura: Therefore, even when forming an international consortium, since business involves partners, there will inevitably be moves to set upper limits, depending on the timing. Space Business has a very large exposure, so if the upper limits are set not in the JPY10 billion range, but rather in the JPY20 billion, JPY30 billion, or JPY40 billion range, I believe the exposure we are currently showing will no longer be sufficient.

Of course, it is not unlimited, so we will allocate the funds based on prudent and sound management decisions. It is true that JPY300 billion may not be enough, and in some cases, we

might use JPY400 billion, and there may also be factors such as exchange rate fluctuations.
Therefore, I would like you to understand that this is only a guideline.

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.

Company Details

Name: SKY Perfect JSAT Holdings Inc.

Securities Code: 9412 (The Prime Market, Tokyo Stock Exchange)

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

For inquiries regarding this document, please contact the department listed below.

SKY Perfect JSAT Holdings Inc.

Corporate Communications & Investor Relations Dept.

E-Mail: ir@skyperfectjsat.co.jp