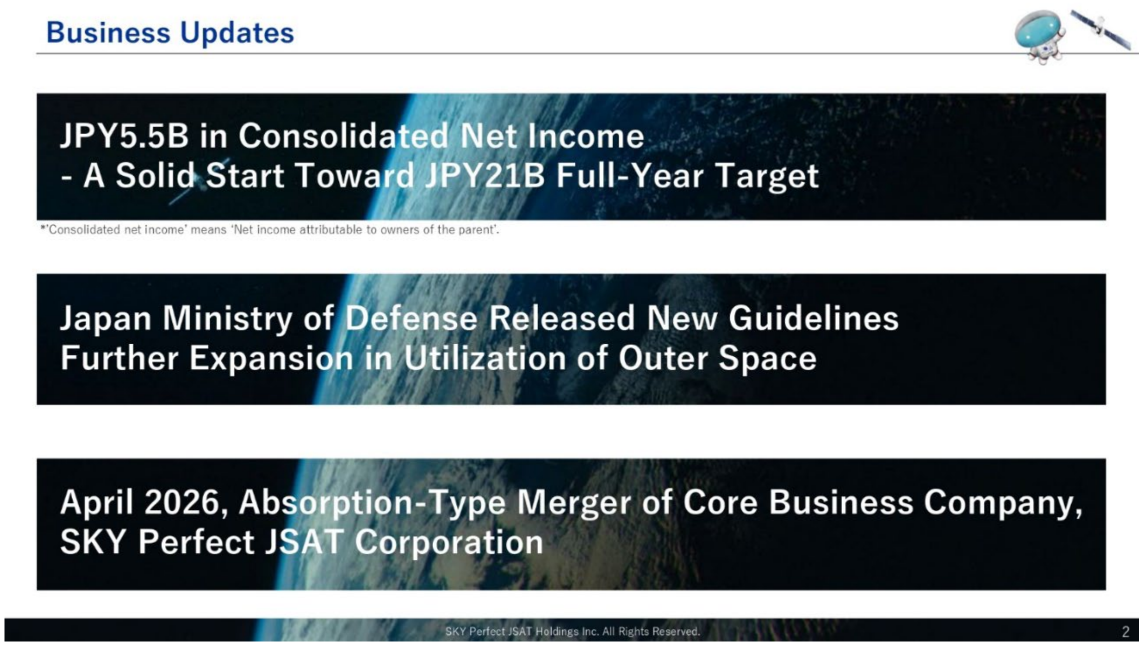
Presentation (Transcript with Q&A) at the video conference for Q1 of FY2025

Date	August 7, 2025 11:30 am - 12:30 pm
Speakers	SKY Perfect JSAT Holdings Inc.: Eiichi Yonekura (Representative Director, President) Isao Kubo (CFO, General Manager, Corporate Planning Department) 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.

Presentation



Yonekura: Here is the business update for this Q1.
Consolidated net income for this Q1 was JPY5.5 billion, a record high. We are pleased to report that we are off to a solid start, with a progress rate of 26% toward achieving our full-year target of JPY21 billion.

Next, on July 28 last week, the Ministry of Defense released the space domain defense guidelines and the Ministry of Defense Next Generation Information and Communications Strategy. As Yamashita will explain later in the Space Business part, the importance of space in national security has never been greater.

We hope to contribute to both telecommunications and non-communications by combining our

40 years of experience, knowledge, and engineering with the multi-orbit strategy that we are driving.

Finally, as of April 1, 2026, we have decided to absorb the core operating company, SKY Perfect JSAT Corporation. We will explain it in detail in the following page.

Yonekura: At the recent June General Shareholders Meeting, a proposal to amend the Articles of Incorporation was approved.

The main change is the absorption-type merger, in which our company will be the surviving entity and our wholly owned subsidiary, SKY Perfect JSAT Corporation, will be dissolved.

The aim is to eliminate the dual structure of the holding company and operating company, to improve organizational efficiency and accelerate decision-making. In line with this change, our company name will be changed to SKY Perfect JSAT Corporation.

After the merger, as a listed company, we will be subject to regulations under the Radio Act, and if the ratio of voting rights held by foreigners exceeds one-third, their inclusion in the shareholder register will be restricted. We are planning to change our Articles of Incorporation to allow us to pay dividends to such shareholders.

Again, dividends will be paid even when the percentage of foreign shareholders exceeds one-third. We will now solemnly prepare for the merger in April 2026.

Consolidated Earning Results

■ Consolidated Net Income reached JPY5.5B, achieving over 26% progress toward the full-year forecast of JPY21B - A Solid Start Toward Full-Year Target

(in Billions of ¥)	FY2024 Q1	FY2025 Q1	Change (%)	FY2025 Forecast	Progress (%)
Revenue	30.5	29.8	(2.2%)	127.6	23.4%
Operating Income	7.4	8.0	+7.7%	30.8	26.0%
Net Income (Profit attributable of owners of the parent)	5.0	5.5	+9.4%	21.0	26.2%
EBITDA*	12.6	12.3	(2.9%)	48.0	25.6%

*EBITDA = Net Income + Tax Expense + Depreciation Expense + Amortization of Goodwill + Interest Expense

 5

Kubo: As President Yonekura mentioned earlier, I would like to report that Q1 of the consolidated financial results is off to a solid start toward achieving the full-year target.

Revenue was slightly behind the same period last year, but profits exceeded it, with Q1 net income of JPY5.5 billion, 26.2% ahead of the full-year forecast of JPY21 billion.

Earnings Overview: Space Business

■ Revenue declined due to lower revenue in Global & Mobility Area, including yen appreciation, despite growth in Domestic Communications Area.

■ Profit growth secured due to lower depreciation and other factors

(in Billions of ¥)	FY2024 Q1	FY2025 Q1	Change	Major factors of change [YoY]
Revenue*	15.7	15.5	(0.2)	(Revenue) • Domestic communications Area +0.5 (Growth in satellite capacity provision and equipment sales) • Global & Mobility Area (0.4) (Intensified competition in North America and impact of yen appreciation) • Space Intelligence Business (0.3) (Timing difference) • Broadcasting transponder-related revenue (0.1) (Operating Expense) • Depreciation expense (0.6) • Procurement of Equipment in Response to Increased sales in Domestic communications Area +0.2 • Orbital Lasers (subsidiary) +0.1
Operating Expense	10.2	10.0	(0.3)	
Operating Income*	5.5	5.5	+0	
Segment Profit**	3.7	3.8	+0	

*Including inter-segment transactions
**Segment Profit is calculated based on net income after tax

 6

Kubo: Now, let’s move on to the performance by each segment. First is the Space Business.

As you can see, revenues are growing steadily in the Domestic Communications Area, mainly due to an increase in demand for satellite communication lines.

On the other hand, in the Global & Mobility Area, demand is strong but unit sales prices continue to decline, especially in our North American subsidiary. Revenue from in-flight Wi-Fi, which we are focusing on, is also growing.

Revenue for the overall business decreased by JPY200 million from the same period last year to JPY15.5 billion. Operating income was JPY5.5 billion, and segment profit was JPY3.8 billion, due in part to a JPY300 million decrease in operating expenses, including depreciation.

Earnings Overview: Media Business

SKY PerfecTV!

- While FTTH revenue increased, overall revenue declined due to a decrease in the number of subscribers
- Profit increased mainly by a shift toward more cost-effective digital marketing and a reduction in depreciation expenses following optimization of broadcasting equipment

(in Billions of ¥)	FY2024 Q1	FY2025 Q1	Change	Major factors of change [YoY]
Revenue*	16.4	**16.0**	(0.4)	(Revenue) • Viewing fees, commission revenues and basic fees (0.6) • FTTH (Fiber To The Home) related revenue*1 +0.2 *1 Installation revenue for TV and fiber-optic connections
Operating Expense	14.3	**13.4**	(1.0)	
Operating Income*	2.1	**2.7**	+0.5	(Operating Expense) • Advertising expenses, Promotion expenses (0.4) (Digitalization, etc.) • Depreciation expenses (0.4) • Satellite line usages, etc. (0.1)
Segment Profit**	1.5	**1.9**	+0.4	

*Including inter-segment transactions
**Segment Profit is calculated based on net income after tax

Kubo: The Media Business.

Revenues decreased JPY0.4 billion YoY to JPY16 billion due to the continued decline in viewing fee and related revenues.

The Optical Re-transmission service in the Fiber-optic Alliance Business, which Nakagawa will explain later, has been steadily growing in both the number of households and revenue, helping to narrow the overall revenue decline in the business.

In terms of expenses, operating expenses improved by JPY1 billion YoY, partly due to a shift to cost-effective digital marketing and a decrease in depreciation and other expenses resulting from the optimization of facilities at SKY Perfect Tokyo Media Center.

Operating income increased JPY0.5 billion YoY to JPY2.7 billion, and segment profit also increased JPY0.4 billion to JPY1.9 billion.

Consolidated Cash Flows and Consolidated Financial Position

- Aiming enhancement of revenue base, execution of procurement for the three communications satellites (JSAT-31/32, Superbird-9) and service preparation for JAXA
- Reduction in interest-bearing debt through bond redemption and long-term loan repayments

Consolidated Cash Flows

(in Billions of ¥)	FY2024 Q1	FY2025 Q1	FY2025 Forecast
Net Cash from Operating activities	14.1	15.2	47.0
Net Cash from Investing activities	(11.3)	(25.3)	(68.0)
Free Cash Flows*	2.8	(10.0)	(21.0)
Net Cash from Financing activities	(7.2)	(19.4)	(33.0)

* Net Cash from Operating activities + Net Cash from Investing activities

Consolidated Financial Position

(in Billions of ¥)	FY2024 Result	FY2025 Q1	FY2025 Forecast
Assets	403.4	395.4	392.0
(Cash and Cash Equivalents)	114.5	84.9	61.0
Liabilities	119.2	107.4	96.0
(Interest-bearing Debt)	55.2	40.0	32.0
Shareholders' equity	273.2	274.1	284.0

Kubo: We would like to explain the consolidated cash flows and financial position.

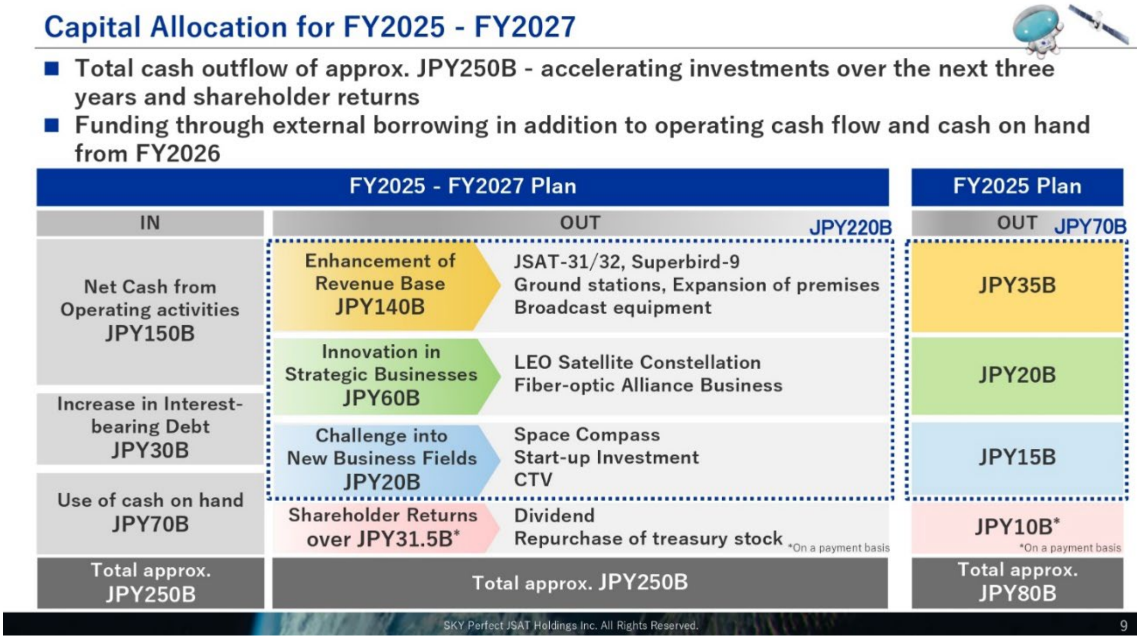
First, look at the cash flow on the left side of the slide.
Operating cash flow was JPY15.2 billion, well in line with the fiscal year forecast.

Investing cash flow was a cash outflow of JPY25.3 billion. This was due to the execution of approximately JPY7 billion in capital investment, including three communication satellites and a JAXA project that will enhance our revenue base, as well as the transfer of JPY19 billion to our US subsidiary for the construction of a constellation of low Earth orbit Earth observation satellites. As a result of these, free cash flow was negative JPY10 billion.

Financing cash flow was a cash outflow of JPY19.4 billion, mainly due to redemption of bonds of approximately JPY10 billion, repayment of long-term debt of approximately JPY5 billion, and dividend payments of approximately JPY4.5 billion.

Next, I would like to move on to the right side of the screen, the financial position. Cash and cash equivalents decreased by approximately JPY30 billion to JPY84.9 billion in Q1 as a result of the cash flows I mentioned earlier.

We plan to continue using cash reserves for growth investments in Q2 and beyond, and expect a full-year decrease of over JPY50 billion, with the year-end balance projected at around JPY61 billion.



Kubo: At our last financial results meeting at the end of April, we reported that we would accelerate investment over the next three years, including three new satellites and 10 low Earth orbit satellites constellation, to prepare for further growth of our Space Business in FY2030 and beyond. In FY2025, the company invested JPY70 billion and will continue to invest at a similar scale in FY2026 and FY2027.

We have received many questions from investors about this plan, including about financing, so today we would like to present our capital allocation for the next three years.

First, let us explain the cash outflows for the next three years, as shown in the center of the slide. We plan to accelerate investment over the next three years, totaling approximately JPY220 billion: JPY140 billion for Enhancement of Revenue Base, JPY60 billion for Innovation in Strategic Businesses, and JPY20 billion for Challenge into New Business Field.

In addition, while focusing on investment for growth, we will steadily return more than JPY31.5 billion to shareholders based on our new dividend policy of a dividend payout ratio of 50% or more and a minimum dividend of JPY38, which we announced at the financial results briefing at the end of April.

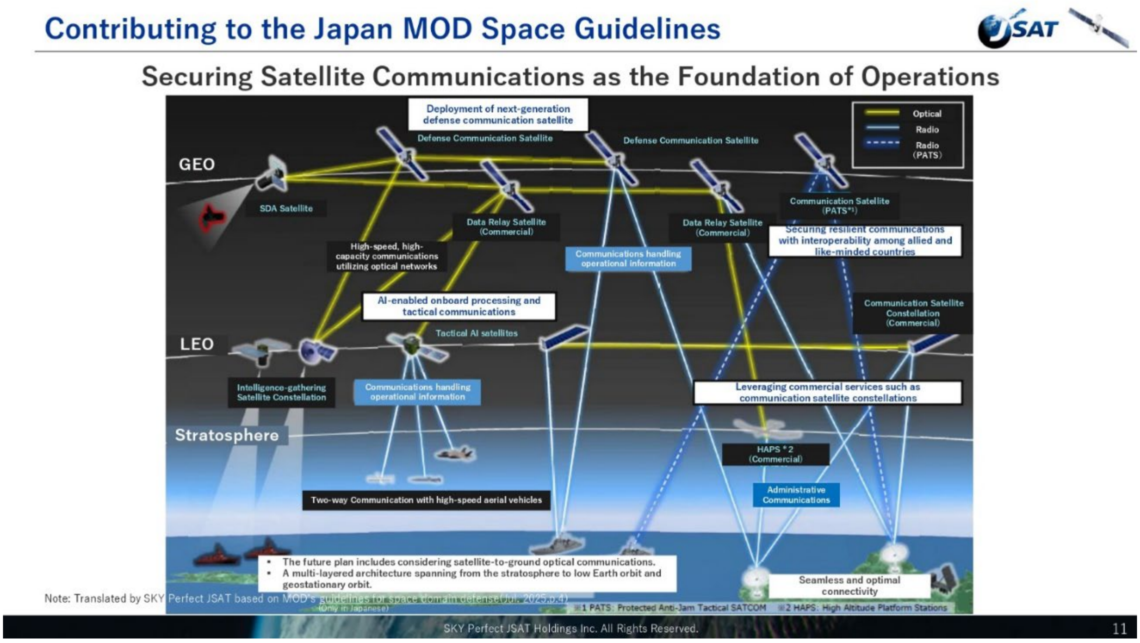
Combined with investments in growth and shareholder returns, we plan to generate approximately JPY250 billion in cash outflows.

The left side of the slide explains the cash inflows for the next three years.

Operating cash flow is expected to be JPY150 billion over three years, funded by annual reserves of around JPY50 billion. In addition, we expect to utilize at least JPY70 billion in cash reserves, based on a cash and cash equivalents balance of approximately JPY110 billion at the end of FY2024, with JPY30 billion set aside as reserves to be kept on hand at all times.

The shortfall is expected to be covered by an increase of approximately JPY30 billion in interest-bearing debt through external borrowing from FY2026 onward, resulting in a total cash inflow of JPY250 billion.

The investment plan of JPY70 billion for the fiscal year ended March 31, 2025, shown on the right side of the slide, is also on track. We intend to continue to raise funds appropriately to support future growth and accelerate shareholder returns.

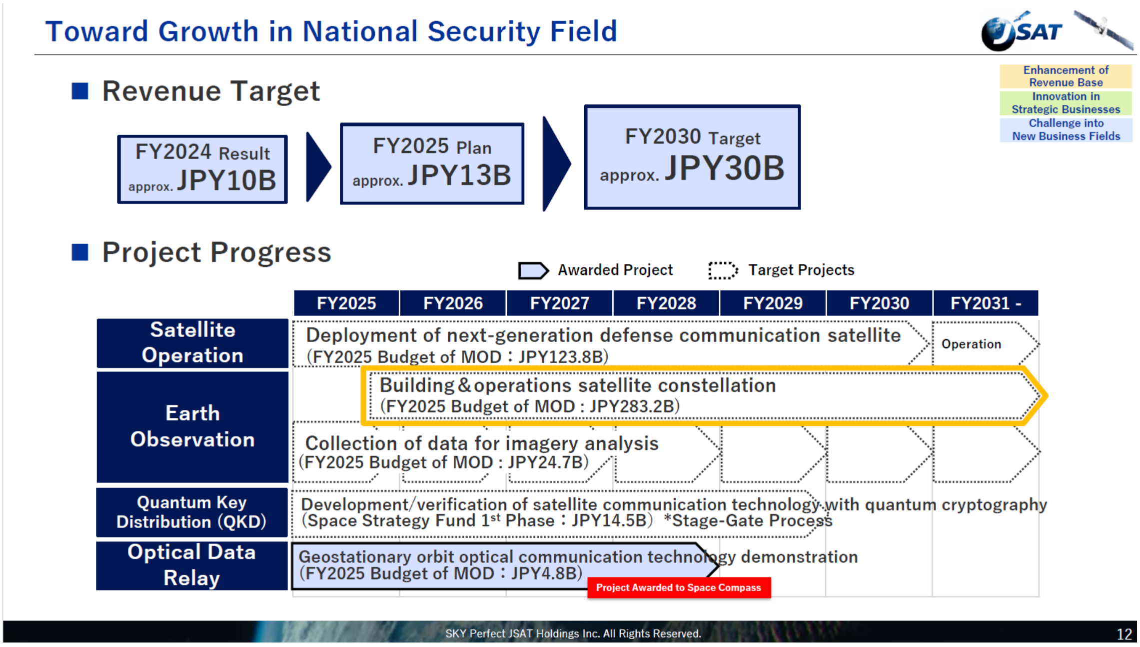


Yamashita: On July 28, 2025, the Ministry of Defense released new space domain defense guidelines. The importance of outer space for national security has been reaffirmed, with a clear direction set for strengthening defense capabilities in the space domain and promoting private-sector investment in related technologies.

The need for public-private partnerships in the space domain is strongly emphasized, with clear statements on real-time detection of target information, ensuring satellite communications, building integrated satellite capabilities, and actively leveraging private-sector technology.

As a company that has pioneered business in space industry, we are pursuing multiple initiatives in line with these policies in order to contribute to the strengthening of defense capabilities in the space domain.

The slide shows the architecture for securing multi-orbit satellite communications as outlined in the space domain defense guidelines. It also describes areas that align closely with our engineering and business areas, such as the development of next-generation defense communications satellites, space situational awareness, optical data relay satellites, and HAPS, all of which we consider directly relevant to our efforts.

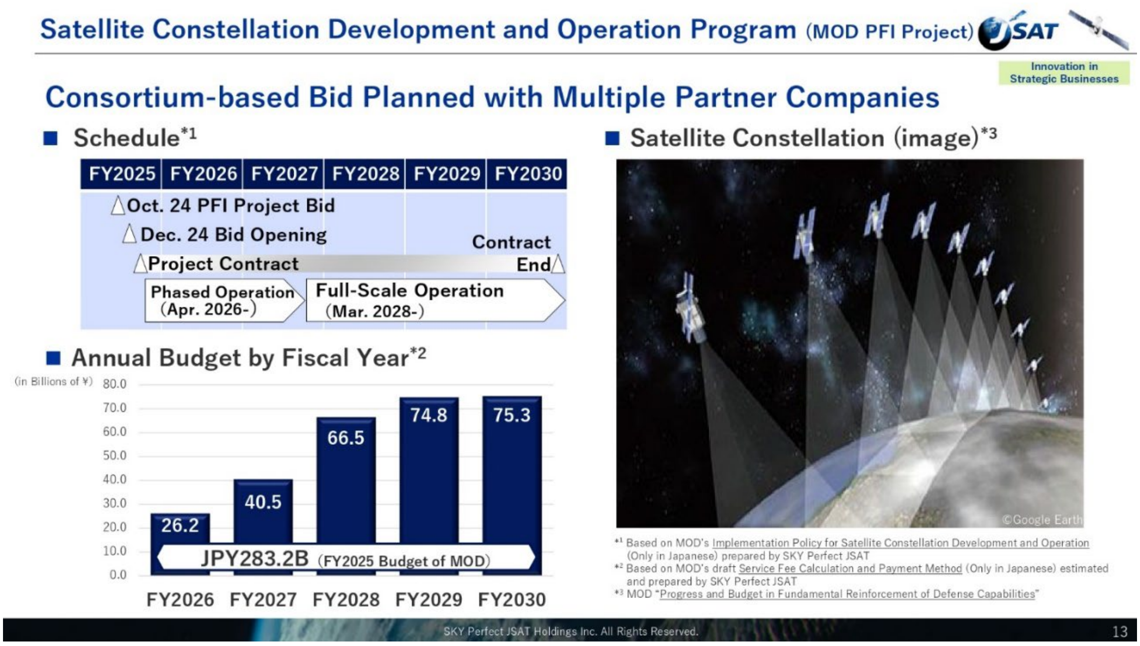


Yamashita: We will include specific milestones in the growth of the National Security Field. We are pursuing several initiatives to support this growth.

First, in the telecommunications-related business, we are working to develop resilient communication networks. In the Space Intelligence Business, we have moved beyond the current agency model and will operate our own low Earth orbit Earth observation satellites to meet diverse satellite data needs.

In addition, in the New Business Field, we are promoting advanced initiatives such as quantum cryptographic key transfer services using QKD satellites to realize highly secure communications. None of these projects will be resolved in a single fiscal year, and if adopted, will make a significant contribution to our performance over the medium to long term. Therefore, we are actively and continuously working toward their adoption.

As a result of these efforts, prospects for commercialization and profitability are steadily improving, and we aim to expand earnings to approximately JPY13 billion this fiscal year and JPY30 billion in FY2030.

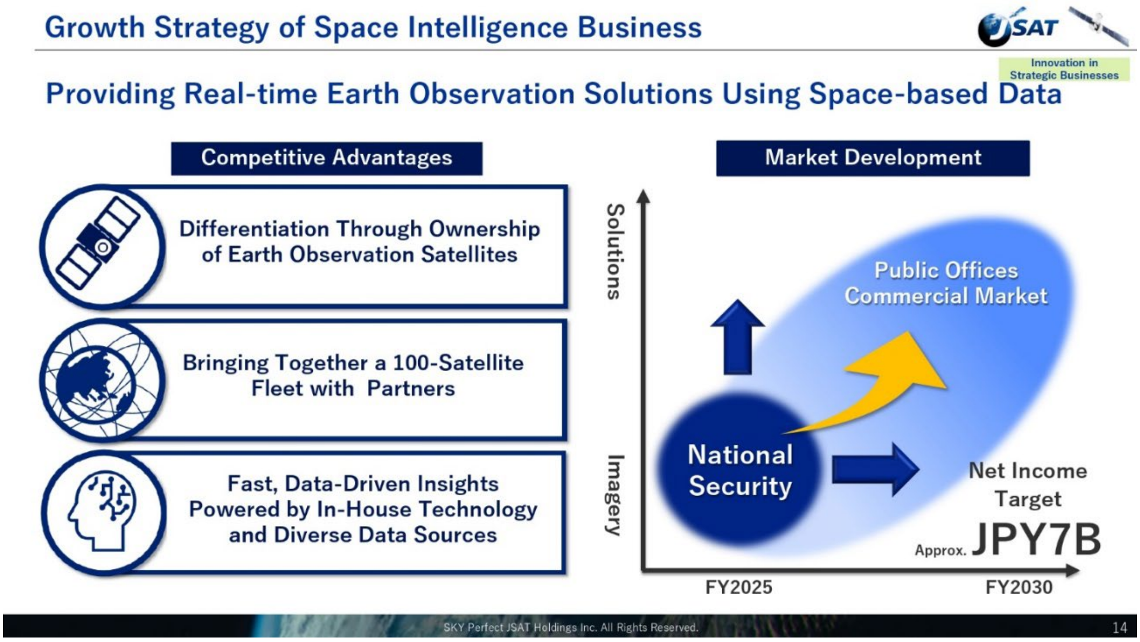


Yamashita: The Ministry of Defense announced their implementation policy for the satellite constellation development and operation program (PFI method) in April this year.

This project is vital to our nation’s security, and its objective is to acquire the capability to continuously detect target information at all times.

Utilizing our accumulated knowledge of space-related technologies and project management, we will form a consortium with several partner companies and are preparing to bid on the project.

We have already submitted the necessary materials for the first round and are in the process of refining our proposal with our partner companies in preparation for the October bidding. The bid opening is scheduled for December of this year. We will do our best to work on this important project.



Yamashita: As we have explained, the National Security Area is an important growth platform for the Space Business.

Through our participation in government projects, we will steadily enhance the presence of our Space Intelligence Business and make it a pillar of our medium- to long-term company growth.

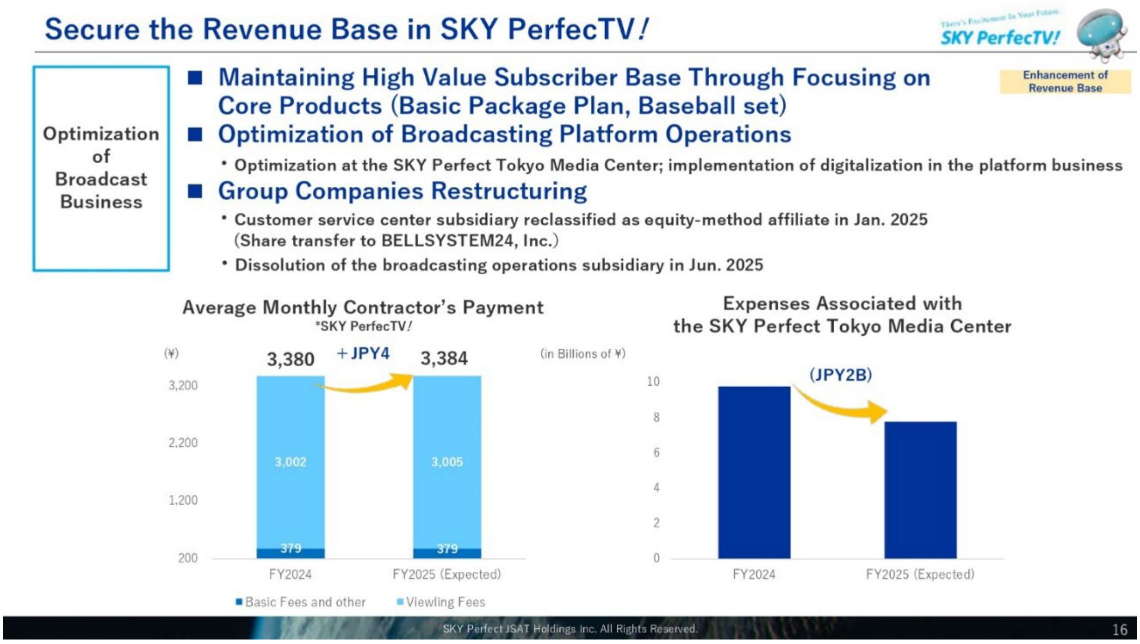
Our goal is not to simply provide data, but to provide real-time space intelligence that reflects the Earth in real time through space data. To achieve this, we are promoting three growth strategies.

The first is differentiation through the possession of space observation satellites. By controlling the timing and targets of observations on its own, it enables quick and flexible responses.

The second is to build a system of a-100-satellites fleet through collaboration between us and other companies. By combining our own and partner companies' satellites, we will establish a system that enables high-frequency, multifaceted monitoring of the entire globe.

The third is multifaceted, high-speed analysis utilizing proprietary image analysis technology and a wide variety of data. In addition to satellite data such as SAR, optical, and LiDAR, location information and SNS postings are also integrated to provide a real-time and multifaceted picture of the situation.

Through these efforts, we aim to achieve a net income of approximately JPY7 billion in FY2030 by providing front-line information solutions that support decision-making in diverse fields, including national security.



Nakagawa: I will explain how we are securing the revenue base of our broadcasting business.

In the Broadcasting & Video Streaming Business, we are optimizing our operations with a forward-looking approach to maintain our revenue base despite a decline in the number of subscribers.

In terms of products and marketing strategy, we are focusing on maintaining high-value subscribers base by fostering longer engagement with a wider range of programs. In line with this strategy, we are prioritizing core products such as “Basic Package Plan” and “SKY PerfecTV! Professional Baseball Set”.

As a result, we will improve the average monthly contractor’s payment for SKY PerfecTV! Services, as shown in the graph at the bottom left.

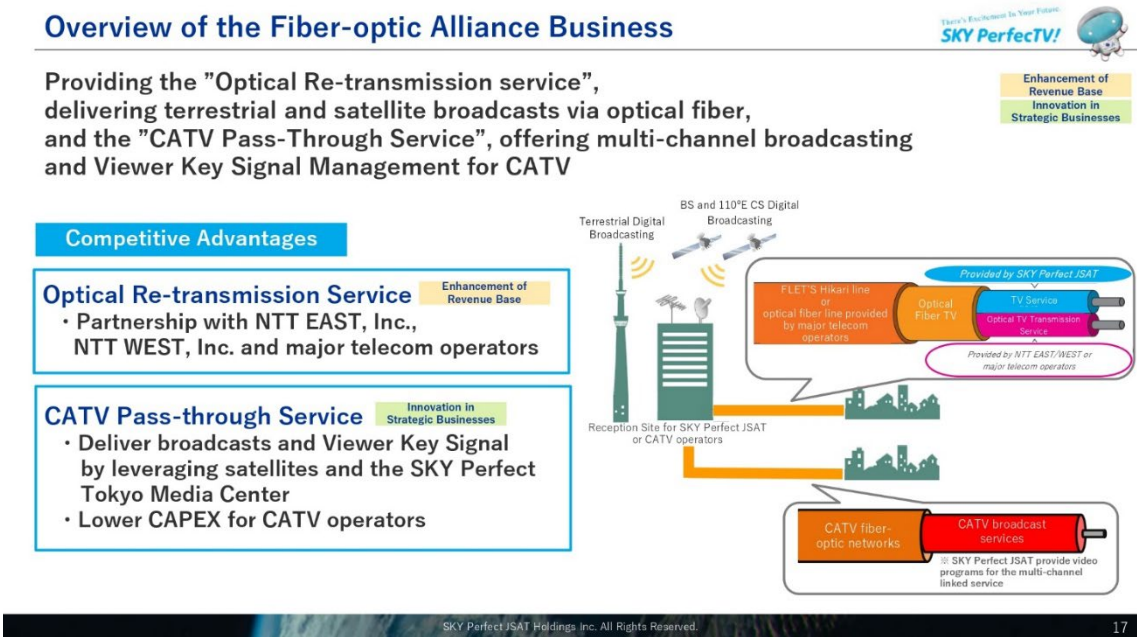
Next, I would also like to talk about cost control. At the SKY Perfect Tokyo Media Center, our facility for satellite broadcasting services, we are implementing a cost reduction of JPY2 billion year-on-year. The breakdown includes not only a reduction in depreciation expenses, but also a review of the service monitoring system and operating costs to optimize the system.
In addition, we have reorganized our group subsidiaries to better focus our broadcasting resources on core platform operations.

In January 2025, we transferred a portion of our shares of SKY Perfect Customer-relations Corporation, which is engaged in customer center operations, to BELLSYSTEM24, Inc., a leading company in the industry, making it an equity-method affiliate.

Additionally, in June 2025, we dissolved SKY Perfect Broadcasting Corporation, which had been engaged in broadcasting-related operations such as channel operations and broadcast operations, that overlapped with our own.

We have taken over the broadcasting operations for the Japan Leisure Channel and the Minami-Kanto Local Horse Racing Channel, which were previously operated by SKY Perfect Broadcasting Corporation. The impact of these two subsidiaries on our business performance is expected to be minor.

We will continue our efforts to strengthen our basic revenue in the Broadcasting & Video Streaming Business, anticipation a future decline in subscriber numbers.



Nakagawa: I'd like to briefly reiterate the details of the Fiber-Optic Alliance Business.

There are two main services offered in the Fiber-Optic Alliance Business.
One is Optical Re-transmission Service, which delivers Terrestrial digital broadcasts, BS, and 110-degree CS broadcasts to customers via optical fiber lines provided by NTT East Inc., and NTT West Inc.

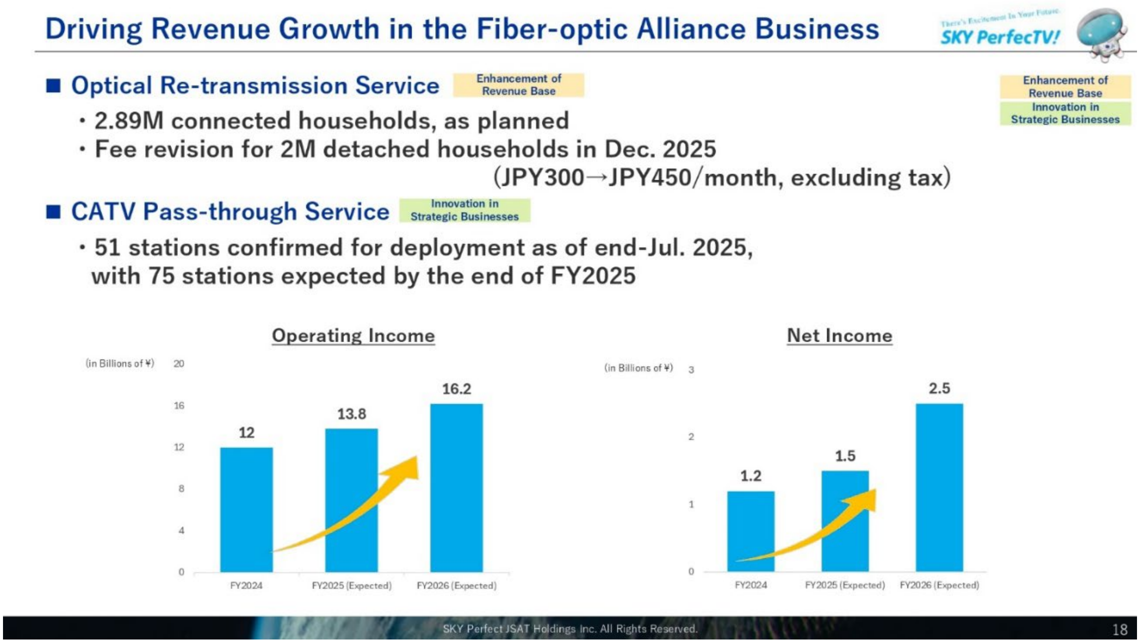
This service allows customers to watch broadcasting programs without the need for an antenna. For customers in detached houses, we conduct sales activities at major mobile phone retailers, while apartment complexes, we conduct sales activities aimed at bulk installation.

Our competitive advantage in these services lies in our strong partnership with the NTT Group, which provides high-quality fiber-optic line services, and in the complementary relationship between their services and our TV services.

Another is the CATV pass-through service. This service delivers multi-channel broadcasting for CATV operators by leveraging our existing assets, including our satellite-based video transmission and viewer key signal control functions.

With this service, CATV operators can reduce their investment in additional viewing key equipment and eliminate the need to provide dedicated set-top boxes for their customers.

These CATV Pass-through Service is a B-to-B-to-C business model targeting CATV operators. By expanding into B-to-B-to-C services in addition to our existing B-to-C service for individual customers, we position this as an Innovation in Strategic Businesses.



Nakagawa: Finally, I would like to explain the revenue growth in the Fiber-Optic Alliance Business. In the Optical Re-transmission Service, the number of connected households has been growing steadily by about 100,000 each year.

As of now, the total number of connected households has reached 2.89 million. From December 2025, the monthly fee for the TV viewing service will be revised from JPY300 to JPY450 (excluding tax) for approximately 2 million detached households.

As of the end of July 2025, the number of CATV operators that have decided to adopt the CATV Pass-through Service reached 51, and this is expected to expand to 75 operators by the end of this fiscal year.

The graphs show operating income and net income for the entire Fiber-Optic Alliance Business, including both services. Operating income is expected to reach JPY13.8 billion in FY2025, a 15% increase year-on-year, and JPY16.2 billion in FY2026, a 17% increase year-on-year. Net income is expected to grow steadily, reaching JPY1.5 billion in FY2025, a 25% increase YoY, and JPY2.5 billion in FY2026, a 67% increase YoY.

In addition to maintaining the revenue base of the Broadcasting & Video Streaming Business, we aim to stabilize our business portfolio through the growth of the Fiber-optic Alliance business.

Q&A

Revenue in Space Business

Questioner: The first one is about the Space Business on page 6: Global & Mobility Area. As for the JPY400 million revenue decline in North America, how is the competitive environment? Also, the Space Intelligence Business is down JPY300 million in revenue, but I believe this is because last year's Q1 was high. Please confirm whether the sales in this area will show an increase after Q2 compared to a year ago.

Yamashita: Although the sales are categorized as North America, the actual coverage area includes Asia and Oceania, where price competition has led to a decline in revenues.
We are not optimistic, but demand for satellite communications itself continues to be strong. In addition, the current numbers from our North American subsidiary (JSAT International Inc.) are showing favorable trends. Therefore, I believe that we will have a base to cover for Q2 and Q3.
Second, the Space Intelligence business is down in revenue compared to last year, but this is due to a one-time periodic lag. Therefore, we expect that Q2 and Q3 will make good progress in covering the periodic delays in contracts that are already in place.

Market Pressures in Asia and Key Contributors to Domestic Sales Growth in Space Business

Questioner: I would like to confirm whether the heightened pricing competition in Asia remains ongoing from Q2 of FY2024. Also, regarding the JPY500 million increase in Japan domestic sales, which includes lines and equipment, could you give us an idea of the fields involved?

Yamashita: Price competition in Asia, specifically with what are called low Earth orbit constellations, is continuing. On the other hand, demand remains strong, so we are preparing a system to withstand price competition through our next capital investments, specifically, Superbird-9 and JSAT-31, which have considerably more capacity than existing satellites.
One area contributing to domestic revenue growth is the expansion of the so-called private-sector business. These items are contributing.

Cost efficiency in the Media Business

Questioner: Regarding operating expense, it was noted that approximately JPY400 million has

been saved compared to Q1 of FY2024 as a result of digitalization. Will this efficiency continue in Q2 and Q3 compared to the same period last year?
Additionally, could you specify the nature of the cost reductions related to the SKY Perfect Tokyo Media Center (TMC)?

Nakagawa: Regarding the reduction of TMC costs, it is a JPY2 billion reduction in depreciation and operating and other costs.
In addition, we are continuing to implement cost reductions related to digitalization. Although advertising and sales promotion expenses vary depending on the timing of campaign execution, there is no change to the full-year forecast as we are controlling it to stay within the annual budget.

Breakdown of sales for the Fiber-optic Alliance Business

Questioner: Sales of the Optical Re-transmission services were disclosed as JPY9.1 billion last fiscal year. In FY2024, the actual figure was JPY12 billion. Does that mean about JPY3 billion of the difference is attributable to the CATV Pass-through Services?

Nakagawa: Of the JPY12 billion, the total includes revenue from customers using the Optical Re-transmission Service, as well as revenue related Re-transmission Service —such as TV connection installations—and revenue from selling broadcast slots to mail-order companies within the 'SKY PerfecTV*!* Premium Hikari'. These combined sources account for the JPY12 billion figure.

Questioner: Does the JPY9 billion include both the CATV Pass-through Service and Optical Re-transmission service?

Nakagawa: That is correct.

Initiatives for National Security and Project Progress

Questioner: How about the status of the Kirameki No. 3: when will it start contributing to your company's sales, and what is the schedule for the ETS-9 and the space-installed optical telescope?

Yamashita: For Kirameki No. 3, DSN, for which we are the representative company, is the SPC (Specific Purpose Company) that serves as the recipient of the so-called PFI project and is responsible for the operation and maintenance management services. The details of the contract cannot be disclosed due to confidentiality obligations with the client, but it began operations last year as planned and will contribute to this year's revenues.

Since ETS-9 itself is scheduled to be launched in 2026, the optical telescope mounted on it is expected to contribute to earnings thereafter.

Initiatives for the Building and Operation of Satellite Constellation Project

Questioner: According to the Ministry of Defense, applicants or bidders for the project are basically domestic satellites. Is it correct to understand that your optical satellite with Planet Labs will be used together with a domestic satellite in this consortium?

Is it correct to understand that there is a policy to pursue both the project with an annual budget of approximately JPY25 billion for the delivery of satellite imagery and this PFI project?

Yamashita: The clause for PFI, as has been officially announced, states that domestic satellites should be used primarily. So, if the domestic satellites alone are not sufficient to meet the client's needs, we will provide the satellite imagery from Planet satellites that we procure, as I have explained before.

This project is a separate matter from the delivery of satellite imagery which we have already received orders, so we will continue to conduct sales activities to receive orders.

Questioner: Will Planet Labs sell the products outside Japan, including Europe, the United States, and Asia?

Yamashita: The non-Japanese portion of sales from Planet's Pelican satellite, which we procure, will be handled primarily by Planet. We have yet to fully develop our sales capabilities in overseas markets, so we will be asking Planet to do this for us.

However, this does not mean that we cannot sell our products overseas, and we are looking for opportunities to develop our ability to sell our products in overseas markets during this business period.

Competitive Shifts and Mid-Term Implications of Domestic Competitor Activity

Questioner: Recently, there have been moves among Japanese companies, such as IHI Corporation's partnership with ICEYE Oy for SAR and NTT Data Japan Corporation's launch of Marble Visions Inc. for optics. How do you see the competitive environment in this area and its medium-term impact?

Yamashita: The MOU between IHI Corporation and ICEYE Oy for the development of SAR satellites in Japan is only at the MOU stage, so we are not involved at this time, including whether or not it will materialize.
NTT Data's Marble Visions is a so-called optical satellite. We believe that, although their future developments remain to be seen, we can compete and deliver value with Planet's high resolution, which we call "30 cm resolution", and that we have an advantage in terms of both performance and price.

Questioner: If Planet sells the products overseas, they will be part of your company's sales, so you will be able to make a profit. Is my understanding correct?

Yamashita: I am not going to comment on that, as our contract with Planet stipulates that it will not be specifically disclosed.

Status of Satellite Communications Sales

Questioner: How much of increased revenues is for telecommunication lines in Domestic Communications Area?

Yamashita: Most of them are telecommunications.

Questioner: How much of this was due to foreign exchange effects in the Global & Mobility Area?

Yamashita: It was minus about JPY100 million.

Possibility of Additional Satellite Investment in the PFI Project

Questioner: Are the ten satellites currently ordered to Planet Labs PBC sufficient to meet the operational requirements of the PFI project? If additional satellite investment is required, would this expenditure be included in the existing JPY220 billion three-year capital investment plan, or would it be treated as an out-of-scope item?

Yamashita: The Ministry of Defense's constellation project is clearly specified for domestically produced satellites. Our aim, therefore, is to provide Planet satellite imagery that we procure only when domestic satellites are not sufficient to cover our needs.
At this time, we are not considering investing in new satellite assets for this Defense Minister's

constellation project.

Focus Areas and Industry Roles in Japan's Space Domain Defense Guidelines

Questioner: Could you share which specific areas your company intends to prioritize under the space domain defense guidelines disclosed by the Ministry of Defense, and what roles it has played to date in relation to these initiatives?

Yamashita: Basically, these space domain defense guidelines were disclosed in terms of how to protect space. Naturally, the first area we will focus on is ensuring the resilience of satellite communications.

What we call "resilience" refers to securing communications capacity not on a single frequency or a single satellite, but through multiple satellites and multiple frequencies. This is our core business, and we will continue to promote this kind of thing.

In addition, we are considering contributing to space situational awareness, a program for monitoring the space environment, by first establishing a system capable of real-time monitoring of space conditions using the optical camera and other equipment onboard the ETS-9 by JAXA. Furthermore, as mentioned in the architecture, optical data relay, which is the relay of data by light in space, will enable data to be transmitted to the ground at higher speeds, thereby further increasing real-time performance.

Space Compass Corporation, a joint venture established by us and NTT, Inc., received an order last fiscal year for a demonstration experiment related to this project. We will continue to work on this optical data relay business in cooperation with NTT, Inc.

Questioner: Regarding the geostationary optical satellite, which was likely mentioned for the first time in the Ministry of Defense's document, how much involvement do you think your company can have?

Yamashita: We are aware of the individual future plans, which we can be involved in, and we are also aware of the overall program. This is all we can disclose at this time.

Subscribers Acquisition Cost (SAC) and the digitalization in the Media Business

Questioner: Regarding subscriber acquisition cost, could you explain how the aggregation method has been changed this time? Both advertising and other related expenses have decreased significantly YoY and QoQ?

Could you share more details on the specific initiatives taken, such as reviewing measurement methods, advertising media or agencies? Also, please let us know what other cost items have been reduced and what your outlook is going forward.

Nakagawa: There have been no major changes to the aggregation method. Regarding advertising and promotional expenses, there may be slight timing differences throughout the year depending on the timing of campaign or content, but we expect the full-year results to be in line with our initial plans.

On the other hand, we are trying to reduce costs by digitalization. Specifically, we are working to improve inquiry response rates through a shift to digital channels. We are focusing on the FAQs on our website and using chatbots to improve the first-contact resolution rate, aiming to resolve subscribers issues without relying on the phone support.

In addition, as part of our marketing efforts, we ask subscribers what prompts them to subscribe, and we store information about programs and talents obtained from their responses in our database. We subsequently utilize this data to deliver personalized program recommendations through push notifications, customized to align with each subscriber's preferences.

Furthermore, we are focusing on Japanese Professional Baseball as a key content and update our baseball viewing app. For example, users can register their favorite team and they receive push notifications when the starting pitcher is announced.

We are focusing on enabling subscribers to resolve their inquiries independently within the digital environment by leveraging various digital tools to handle a large volume of inquiries.

We are expanding and promoting the use of digital membership services, enabling subscribers to complete procedures such as new subscriptions, contract changes, and cancellations entirely online. As a result, more than 50% of subscribers now complete these processes digitally, based on a 100% total volume. This initiative has helped reduce the number of calls to our customer center and contributed to more effective cost management.

Timing differences of revenue in the Space Intelligence Business

Questioner: Let me confirm will the timing difference will be recognized from the Q2 onward, or has it already occurred in the previous period?

Yamashita: The revenue is scheduled to be recognized in the Q2, and we expect it to progress steadily thereafter.

Impact of SES's Acquisition of Intelsat on the Global Satellite Business

Questioner: SES S.A. in Luxembourg has announced that it has completed the acquisition of Intelsat S.A. If a restructuring process is initiated at Intelsat, what impact do you anticipate this would have on your company's global business operations?

Yamashita: As already released, the acquisition of Intelsat S.A. by SES S.A. was completed in July. We have joint assets with Intelsat, serving North America and the Asia and Oceania regions. This business itself is doing very well.

On the other hand, with SES S.A., our relationship did not begin with their acquisition of Intelsat S.A. We had discussions and various collaborations with SES S.A. for some time prior to that. We believe that the collaboration required in this context, for example in Asia, can be accelerated precisely as embodied in SES S.A.'s acquisition of Intelsat S.A.

In addition, SES is actively involved in the IRIS² program in Europe, which is currently underway in the EU. We are also talking with SES about what we can do together in these areas, and we see this as an opportunity for further business expansion.

Japan–EU communications satellite constellation initiatives and involvement in IRIS²

Questioner: Last month, the Nikkei newspaper reported that Japan and the EU would jointly build a communication satellite constellation. It gave me the impression that Space Compass Corporation and others might be involved in the IRIS² initiative. If there is anything you can share about how your company might be involved in IRIS².

Yamashita: As mentioned in the Nikkei article, we warmly welcome the growing momentum in the space industry through reports like this. However, we are not directly involved in the content of this article.

On the other hand, we have adopted the Multi-Orbit strategy. In addition to GEO, we are considering exploring involvement in LEO and MEO, while engaging in various discussions with SES S.A., a key player in this area.

Questioner: ESA and Space Compass Corporation announced the partnership related to optical data relay. Given that, even if not directly involved, would it be reasonable to assume that there is a possibility of participating in IRIS² through Space Compass Corporation?

Yamashita: Regarding the partnership between ESA and Space Compass Corporation, it is considered an important initiative for achieving global coverage of the optical data relay business, rather than being directly related to IRIS². If Space Compass Corporation were to be selected as a part of IRIS², that would be a very welcome development.

[END]

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
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