

## Presentation (Transcript with Q&A) at the video conference for FY2025 Q2 results (H1 ended September 30, 2025).

Date	November 6, 2025 11:30 am - 12:31 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

### Business Updates



**Consolidated Net Income Up 21% YoY to ¥11.8B**

\*Consolidated net income\* means Net income attributable to owners of the parent.

**Space Business: Turning Toward Revenue and Profit Growth  
National Security Area Focus:  
Submitted Bid for MoD Satellite Constellation PFI**

**Media Business: Strong Profit via Efficiency**

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**Yonekura:** Hello, everyone. I am Yonekura, Representative Director, President. Thank you very much for attending today's earnings presentation of SKY Perfect JSAT. I will begin by explaining the highlights, followed by Chief Financial Officer Kubo and the board directors in charge of each business.

First, let me explain the financial highlights. These are the financial highlights for Q2.

In Q2, consolidated net income was JPY11.8 billion, up 21% YoY. We are on track to achieve our full-year forecast.

Next, I would like to explain Space Business. The Company has turned toward a revenue and profit growth trend since Q2. As Mr. Yamashita will explain later in the Space Business part, last month, we submitted a bid for the Ministry of Defense Satellite Constellation PFI project. This project has a government budget of just under JPY300 billion, and we hope to secure orders for this large project in H2 of the fiscal year, leading to further expansion of our security business in FY2026 and beyond.

Next is the Media Business. As Mr. Nakagawa will explain later, the withdrawal from the German Bundesliga business and ongoing efficiency improvements, including operational optimization of the SKY Perfect Tokyo Media Center as reported in Q1, were successful, resulting in a significant increase in profit.

Finally, we would like to report that we have already announced that we signed an absorption-type merger agreement yesterday for our wholly owned subsidiary SKY Perfect JSAT Corporation and are steadily preparing for the merger to take place on April 1, 2026.

## Consolidated Earning Results



- Year-on-Year Growth in Operating and Net Profit
- Net Profit Reached ¥11.8 Billion
- Steady Progress 56% Toward Full-Year Forecast of ¥21.0 Billion

(in Billions of ¥)	FY2024 Q2 Cumulative Total	FY2025 Q2 Cumulative Total	Change (%)	FY2025 Forecast	Progress (%)
Revenue	61.0	60.9	(0.2%)	127.6	47.7%
Operating Income	13.9	17.2	+24.0%	30.8	55.9%
Net Income (Profit attributable of owners of the parent)	9.7	11.8	+21.1%	21.0	56.0%
EBITDA*	24.7	25.3	+2.4%	48.0	52.8%

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

**Kubo:** I am CFO Kubo. Thank you for your cooperation today.

First, let me explain the consolidated financial results.

Revenue increased from July to September in Q2 and was on par with the same period of the previous year in H1.

Operating income was JPY17.2 billion in H1, and consolidated net income was JPY11.8 billion, up 21% from the same period last year. We are steadily progressing at 56% to achieve the FY2026 forecast of JPY21 billion.

## Earnings Overview: Space Business



- Revenue and Profit Growth Driven by Expanded Solution Services Leveraging Our Ground Facilities
- Segment Profit Reached ¥8.4 Billion, Marking a 12% YoY Increase

(in Billions of ¥)	FY2024 Q2 Cumulative Total	FY2025 Q2 Cumulative Total	Change	Major factors of change [YoY]
Revenue*	31.4	32.2	+0.8	(Revenue) • Domestic communications Area +1.3 (Near-Earth Tracking Network service newly started and others) • Global & Mobility Area (0.2) (Transaction Volume +0.1, Yen appreciation (0.4))
Operating Expense	20.8	20.5	(0.3)	(Operating Expense) • Purchase cost in response to increased revenue in Domestic communications Area +0.6 • Depreciation expense (1.2) • Orbital Lasers Corporation (subsidiary) +0.2
Operating Income*	10.6	11.7	+1.1	
Segment Profit**	7.5	8.4	+0.9	

\*Including inter-segment transactions

\*\*Segment Profit is calculated based on net income after tax

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Now, let me move on to the explanation by segments. First is the Space Business.

Revenue was JPY32.2 billion, an increase of JPY0.8 billion YoY. This was due to an increase in solution services and other services utilizing domestic and overseas ground facilities, including the Near-Earth Tracking Network service for JAXA, which will be explained later by Mr. Yamashita, in charge of the Space Business.

In the Global and Mobility Area, although it was affected by the exchange rate, demand for telecommunication services for in-flight Wi-Fi increased, and transaction volume increased YoY.

Operating expenses decreased by JPY0.3 billion, including depreciation, resulting in an operating income of JPY11.7 billion.

Segment income was JPY8.4 billion, an increase of JPY0.9 billion YoY.

## Earnings Overview: Media Business



- Profit Growth Achieved through Enhanced Operational Efficiency in the Broadcast Business; Fiber-optic Alliance Business Continues Perform Steadily
- Commercialization Verification for the Connected TV Business Concluded; Recorded ¥0.8 Billion Impairment Loss (¥0.5 Billion Impact on Segment Profit)

(in Billions of ¥)	FY2024 Q2 Cumulative Total	FY2025 Q2 Cumulative Total	Change	Major factors of change [YoY]
Revenue*	33.0	32.1	(0.9)	<b>(Revenue)</b> <ul style="list-style-type: none"> <li>Viewing fees, commission revenues and basic fees (1.2)</li> <li>FTTH (Fiber To The Home) related revenue** +0.4</li> <li>* Including installation revenue for TV and fiber-optic connections</li> </ul>
Operating Expense	29.3	26.2	(3.1)	<b>(Operating Expense)</b> <ul style="list-style-type: none"> <li>Temporary factors (1.5)                             <ul style="list-style-type: none"> <li>Termination of Bundesliga (0.5)</li> <li>Subsidiary of the customer service center reclassified as an equity-method affiliate (SPCC<sup>2</sup>) (0.5) *2 SKY Perfect Customer/Editors Corporate</li> <li>Rebound effect from the initiative in FY2024 (tuner replacement) (0.5)</li> </ul> </li> <li>Depreciation expenses (0.9)</li> <li>Advertising expenses, Promotion expenses (Digitalization and others excluding expenses related to Bundesliga) (0.9)</li> </ul>
Operating Income*	3.7	5.9	+2.2	
Segment Profit**	2.6	3.6	+1.1	<b>(Others)</b> <ul style="list-style-type: none"> <li>Impairment loss due to conclusion of CTV Business commercialization verification (0.8) (¥0.5 B impact on segment profit)</li> </ul>

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

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Next, I will explain our Media Business.

Revenue was JPY32.1 billion, a decrease of JPY0.9 billion YoY. Despite a decline in viewing fees, the Fiber-Optic Alliance Business is growing steadily.

Operating expenses decreased by JPY3.1 billion YoY, a significant figure. This includes a total of JPY1.5 billion in temporary factors, including the end of Bundesliga broadcasts and the conversion of a customer center subsidiary into an equity-method affiliate in January of this year, as well as a decrease of JPY900 million in depreciation expenses. As a result, operating income was JPY5.9 billion.

Segment profit was JPY3.6 billion, an increase of JPY1.1 billion YoY. As Mr. Nakagawa, in charge of Media, will explain later, an extraordinary loss of JPY800 million was recorded in Q2 due to the completion of the Connected TV commercialization verification. The impact on segment profit was JPY500 million.



## Consolidated Cash Flows and Consolidated Financial Position



- Investment Progress Largely on Track, Including Three GEO Communication Satellites, LEO Constellation Development among Others
- Interest-Bearing Debt Reduced through Bond Redemption and Repayment of Long-Term Loans

### Consolidated Cash Flows

(in Billions of ¥)	FY2024 Q2 Cumulative Total	FY2025 Q2 Cumulative Total	FY2025 Forecast
Net Cash from Operating activities	24.9	28.1	47.0
Net Cash from Investing activities	(16.5)	(40.1)	(68.0)
Free Cash Flows*	8.4	(11.9)	(21.0)
Net Cash from Financing activities	(8.0)	(20.4)	(33.0)

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

### Consolidated Financial Position

(in Billions of ¥)	FY2024 Result	FY2025 Q2	FY2025 Forecast
Assets	403.4	399.8	392.0
(Cash and Cash Equivalents)	114.5	81.1	61.0
Liabilities	119.2	107.1	96.0
(Interest-bearing Debt)	55.2	39.2	32.0
Shareholders' equity	273.2	280.5	284.0

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I will now explain the consolidated cash flow and financial position.

First, on the left side of the slide is the cash flow.

Net Cash from Operating activities was JPY28.1 billion, well in line with the fiscal year projection. Net Cash from Investing activities was JPY40.1 billion cash outflow, which is progressing according to plan.

Together, we are phasing in the procurement of three new geostationary orbit satellites and the construction of a constellation of low earth orbit earth observation satellites. In H2, we expect to execute investments as planned, totaling approximately JPY70 billion for the full year.

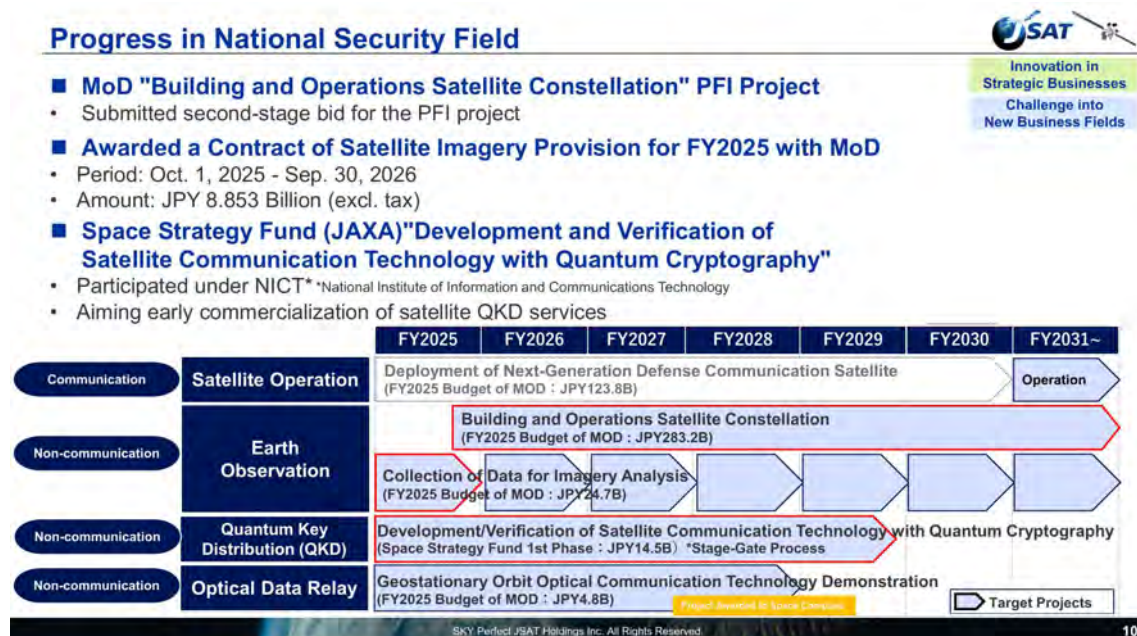
As a result of them, free cash flow was negative JPY11.9 billion.

Net Cash from Financing activities was JPY20.4 billion due to the redemption of bonds of JPY10 billion, repayment of a long-term debt of approximately JPY6 billion, and dividend payments of JPY4.5 billion.

I will now explain the consolidated financial position.

Although there were no big movements overall, cash and cash equivalents decreased by about JPY33 billion to JPY81.1 billion in Q2 due to the cash movement I mentioned earlier.

Since we plan to use cash reserves for growth investments in H2 of the fiscal year as well, we expect a decrease of more than JPY50 billion for the full year, bringing the balance at the end of the fiscal year to about JPY60 billion. That is all from me.



**Yamashita:** My name is Yamashita, in charge of the Space Business.

As President Yonekura explained earlier, our Space Business remains strong this fiscal year. Excluding broadcasting transponder-related revenues, the telecommunications business and the solutions business utilizing terrestrial facilities in Japan continue to expand steadily. The Global and Mobility Area is also generally strong, excluding the impact of foreign exchange rates, and maintains a solid earnings structure as a whole.

Thus, the Space Business as a whole is maintaining a steady growth trend while moving forward to the next stage of growth.

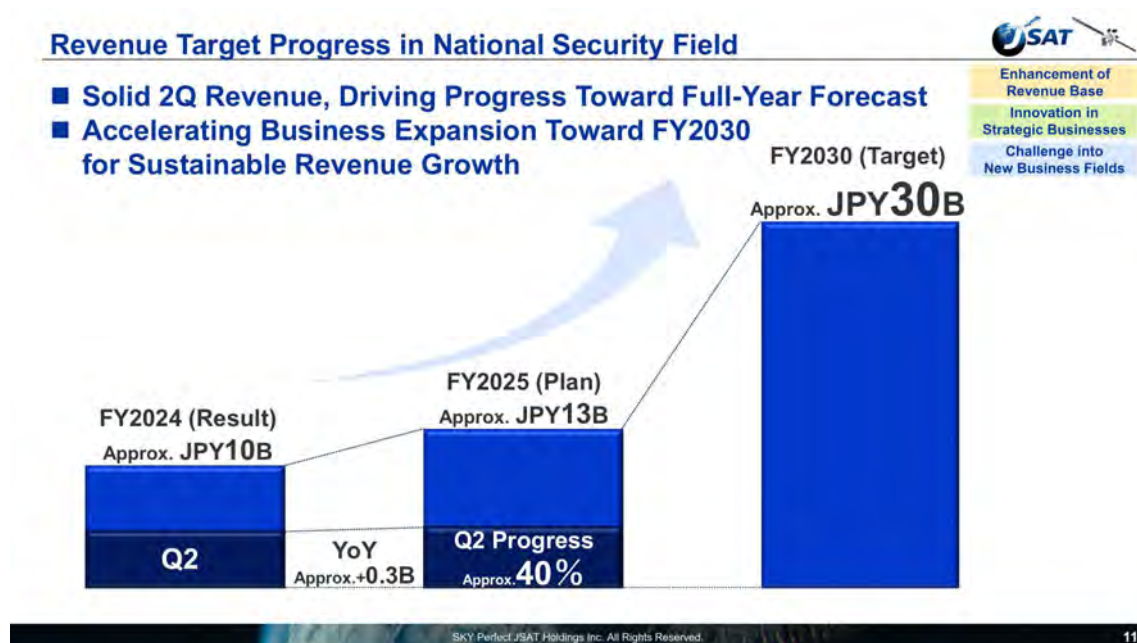
Next, I will explain our efforts in the National Security Field.

First, we applied for the second round of the PFI project by the Ministry of Defense for the construction and operation of satellite constellations with our consortium partners in October. We are currently working on refining our proposal in preparation for the bid opening on December 24, 2025 and will work hard on it to receive the order.

Next is the Satellite Imagery Business, which falls into the Space Intelligence Area. This fiscal year, we concluded another contract with the Ministry of Defense, this time for JPY8,853 million, a significant increase from the previous fiscal year. The Company plans to begin launching its own Pelican satellites in H2 of the next fiscal year and is making steady progress in developing a system to make use of these satellites.

In addition, a project to development and verification of satellite communication technology with quantum cryptography was adopted by the Space Strategy Fund (JAXA) as a pioneering area. We will steadily advance this verification project together with NICT, one of the national research and development corporations, aiming for early commercialization of quantum key delivery and QKD services in the future.

The table shows the timeline and progress of each project.

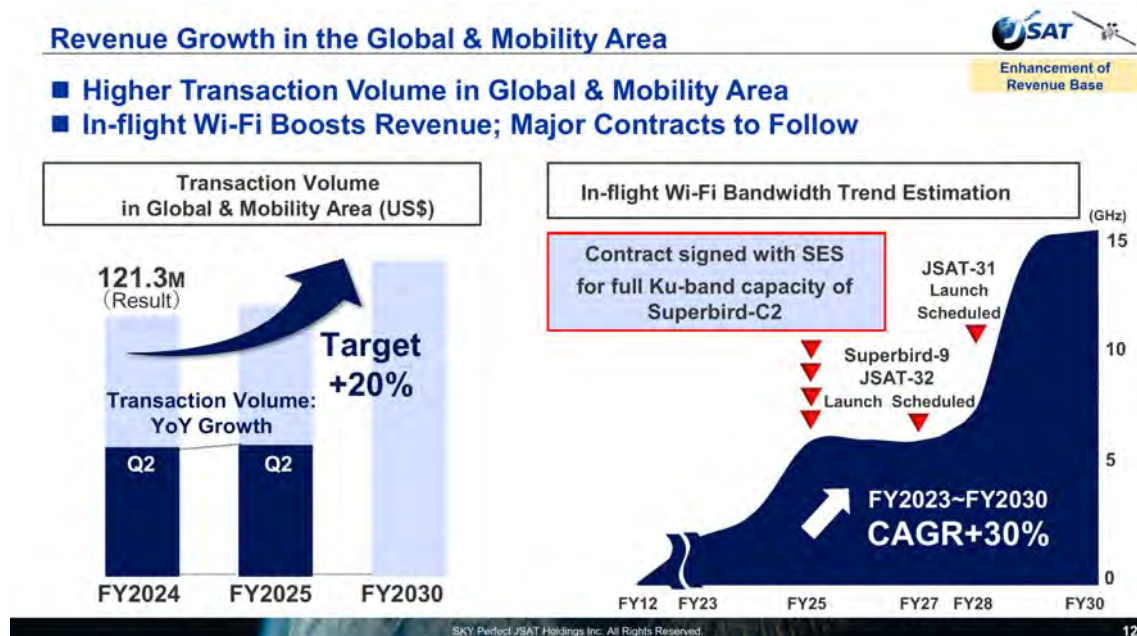


I will explain the progress of revenue in the National Security Field.

Revenue for H1 of this fiscal year totaled approximately JPY5 billion, a steady increase of approximately JPY300 million YoY. Progress toward the full-year plan of approximately JPY13 billion is approximately 40%, on pace with the plan.

In the future, we intend to further expand earnings through the satellite constellation of the PFI project for the Ministry of Defense and efforts to provide satellite imagery, as I explained earlier.

In the mid to long term, we will accelerate our efforts to achieve sustainable revenue growth, aiming for a business scale of approximately JPY30 billion by FY2030, through strategic focus on the next defense force development plan.



I will explain the progress of the Global and Mobility Area.

Although H1 of FY2025 was partially affected by foreign exchange rates, transaction volume increased and remained steady compared to the same period of the previous year.

In particular, demand for telecommunication services for in-flight Wi-Fi continues to grow, driving the increase in transaction volume.

During the period, we also signed a major contract with SES S.A. to provide the full Ku-band capacity of the Superbird-C2 for in-flight Wi-Fi. This contract is expected to contribute to revenue from H2 of this fiscal year, and we aim to further expand the use of this technology in the full digital satellite that we plan to launch in the future.

As shown on the right side of the slide, the Wi-Fi business for aircraft is expected to grow at an average annual rate of over 30% from FY2023 to FY2030.

Based on very strong demand, we target to grow the Global and Mobility Area revenues by more than 20% for FY2030.



## Partnership with JAXA



### ■ Orbital Lasers Co., Ltd.: JAXA-Led Altimeter LiDAR Satellite Development and Demonstration

Challenge into  
New Business Fields

- Selected as an early-stage partner and awarded the conceptual design contract, Contract value increased from the initial approx. ¥0.5B reflecting expansion of scope
- Aiming to secure the upcoming development mission (MEXT 2026 budget request: ¥5B)

### ■ Launch of "Near-Earth Tracking Network"\* Service for JAXA in Sep. 2025

Innovation in  
Strategic Businesses

- Tracking, monitoring, and controlling satellites in LEO, GEO, and beyond
- Leveraging the same facilities to roll out the "JSAT Space Line" service  
(Trademark Pending)



SKY Perfect JSAT ground stations

\*Near Earth Tracking Network for communication between satellites in outer space and the earth ground antennas installed at home and abroad, and any system that manages a plan for using these antennas

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I will explain about the partnership with JAXA.

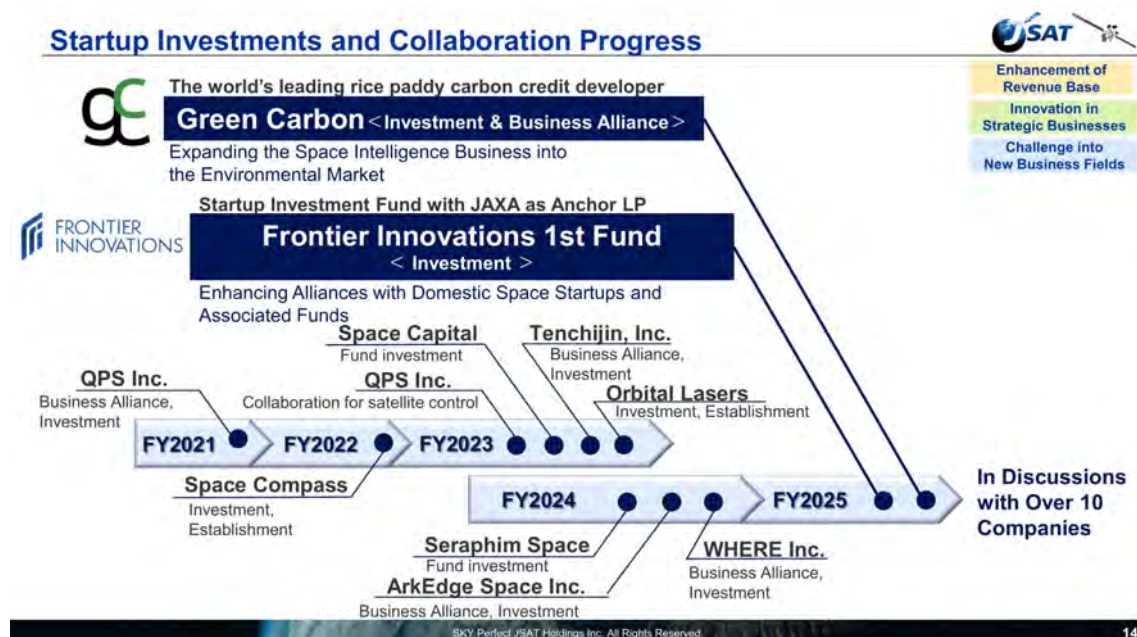
Orbital Lasers Co., Ltd., in which we have invested, has been selected as a front-loading partner for the development and demonstration of the altimeter LiDAR satellite led by JAXA and has already received an order for the conceptual design. The order amount was initially approximately JPY0.5 billion but has increased as the scope of work has expanded.

The company aims to be entrusted with a development mission that will be included in the Ministry of Education, Culture, Sports, Science and Technology's budget request for FY2026, which is expected to be approximately JPY5 billion in size.

In addition, the Near-Earth Tracking Network service, which was signed with JAXA in March 2023, began providing services in September 2025 based on a basic agreement on private procurement.

This service will provide monitoring, control, and data reception functions for JAXA satellites by utilizing domestic and overseas ground stations in cooperation with Norway's KSAT (Kongsberg Satellite Services AS).

Furthermore, by utilizing these facilities to provide services to the commercial market, we will create new revenue opportunities and accelerate the growth of our Space Business.



Finally, I would like to explain start-up investments and collaboration.

The Company is actively pursuing partnerships with start-ups, with the aim of achieving sustainable growth and creating new markets in the space industry.

First, we invested in Frontier Innovations Fund I, which has JAXA as its anchor LP. This fund is an open innovation type fund targeting seed-early-stage start-ups in the space and deep tech areas of different fields, and JAXA is the first domestic R&D corporation to make an LP investment.

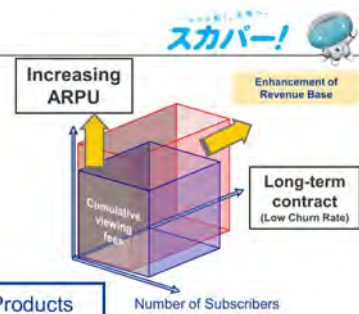
We also formed a capital and business alliance with Green Carbon, the world's leading rice paddy carbon credit developer. We will contribute to the creation of carbon credits through the provision and analysis of satellite data and develop a new Space Intelligence Business

Starting with our investment in iQPS Inc. in FY2021, we have decided to invest a cumulative total of over JPY15 billion in start-up-related companies.

Furthermore, we are in discussions with more than 10 start-ups for collaboration and hope to accelerate the social implementation of innovative technologies, which will lead to the growth of our Space Business and expansion of profit opportunities. That is all from me.

## Broadcasting Business Strategy

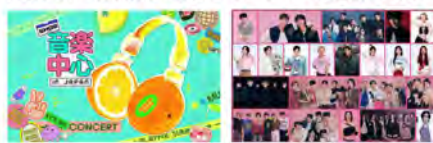
- Focus on Strengthening Sales Promotion of Core Products, With Emphasis on the “SKY PerfectTV! Basic Package Plan,” Characterized by High ARPU and Low Churn Rate



### SKY PerfectTV! Basic Package Plan Sales Promotion Measures

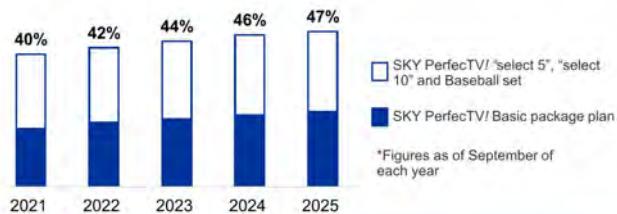
Broadcast and Distribute Large-Scale Music Events At No Extra Charge

2025 Show! Music Core in JAPAN SMTOWN LIVE 2025 in TOKYO



\*In collaboration with JNTV  
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### Contract Rates for Core Products Remains Solid



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**Nakagawa:** Next, I, Nakagawa, who is in charge of the Media Business.

First, I would like to explain how we are enhancement of revenue base of our Broadcasting Business.

In the Broadcasting Business, in order to mitigate the impact of the decrease in total viewing fees due to the decline in the number of subscriptions, SKY PerfectTV! continues to work on improving the unit price of viewing fees, which is described as ARPU, and lengthening the contract period, as shown in the illustration on the right, with activities focused on core products, particularly the SKY PerfectTV! Basic Package Plan, which is characterized by high ARPU and low churn rates.

In H1, as shown at the bottom left, we procured content for major K-pop music events that could be viewed by basic plan subscribers at no additional charge, either on our own or in cooperation with broadcasters, and broadcast and distributed it.

Short-term cancellations are prevented by programming a wide range of programs related to the performing artists over multiple months on channels within the basic plan.

As shown in the graph on the right, the contract rate for our core products, including the SKY PerfectTV! Basic Package Plan has been increasing year after year, and we will continue to do so by further strengthening advertising and sales promotion.

## CTV Business: End of Commercialization Verification



- Conducted Commercialization Verification of Connected TV Platform Business Based on Proprietary Devices
- Decision to Conclude the Verification as of Nov. 30, 2025, Considering Business Risks, Including Initial Device Investment, Anticipated to Substantially Exceed Original Assumptions

Challenge into  
New Business Fields



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I will explain the Challenge into New Business Fields.

Regarding the CTV commercialization verification, we have developed a proprietary device that is plugged into a TV and have been providing our monitors with not only our programming distribution service, but also various video distribution services, such as TVer, YouTube, and Prime Video, since October 2024.

Although the response from the monitors was positive in terms of the ease of use of the service and the usage of each video service, the early diffusion of 10 million devices is necessary to conduct digital marketing business such as advertising, which will require a cost of tens of billions of yen.

We have been calling for a joint business partner in various fields but have been unable to find a partner in the midst of the smart TV market's proliferation. The decision was made to terminate the commercialization verification as of November 30, 2025, as it was determined that any further promotion of the business on a standalone basis would be a high management risk.



## SKY Perfect Pictures: Business Initiatives (Anime Content IP)

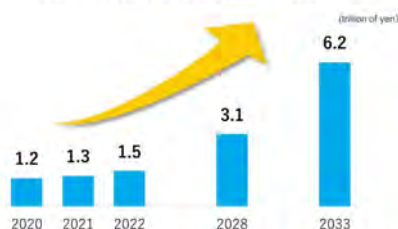


- 8 Titles Produced as Lead Company, Including Those in Progress
- Broadcasting and Distribution in Japan and Abroad with Production Committee Partners
- Accelerating IP Business for Merchandise with the ITOCHU GROUP

Challenge into  
New Business Fields

### Government Targets for Overseas Sales of Anime Content

The government's target is expected to reach ¥3.1 trillion in 2028 and ¥6.2 trillion in 2033.



Source: Created by SKY Perfect JSAT based on "JRI Review" 2025 Vol. 4, No. 122. "Supply-side Issues in Japan's Anime Industry," published by The Japan Research Institute Limited's, <https://www.jri.co.jp/report/inside/whitehall15606/>

### "Kunon the Sorcerer Can See" (to air in January 2026) and three previously aired titles.

	
Orb: On the Movements of the Earth	Yakuza Fiancé: Raise wa Tanin ga Ii
©Ukoto/Shogakukan/On the Movements of the Earth Project	©Asuka Konishi, Kodansha / "Raise wa Tanin ga Ii" Production Committee
	
Fermat Kitchen	Kunon the Sorcerer Can See
©Yugo Kobayashi, KODANSHA "Fermat Kitchen" Production Committee	©Umikaze Minamino, Lantula/KADOKAWA/Kunon the Sorcerer Can See Partners

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Finally, I would like to explain the efforts of our subsidiary SKY Perfect Pictures Inc., with respect to its anime content IP.

SKY Perfect Pictures Inc. has produced eight titles as the lead company, including those currently in production. In cooperation with the production committee companies, we are broadcasting and distributing the anime content domestically and internationally, as well as strengthening ties with the ITOCHU Group to promote the works through FamilyMartVision, which is installed in FamilyMart stores nationwide, and accelerating IP development such as merchandise.

As shown in the graph at the bottom left, the anime content industry is expected to see significant overseas market expansion in the future. In response, SKY Perfect Pictures Inc. will focus on the global development of its anime content IP business.

Shown at the lower right is *Kunon the Sorcerer Can See*, scheduled to begin airing in January 2026, as well as three other titles that have already aired.

They are steadily producing more titles, and the latest title, *Kunon the Sorcerer Can See*, was ranked number one overall in the annual ranking of *Let's Become a Novelist* (syosetu.com), one of Japan's largest web novel submission websites.

We are planning to start broadcasting and distributing the program on TOKYO MX, BS Asahi, WOWOW, and Crunchyroll in January 2026, so please stay tuned for more information. That is all from me.

## Question & Answer

### YoY Comparison by Segment

(in Billions of ¥)

		FY2025 Q2 [YoY]	FY2025 Q2 Cumulative total [YoY]	Major factors of change	Q2	Q2 Cumulative total
Space	Revenue*	16.7	[+1.0]	32.2	[+0.8]	
				Domestic communications Area	+0.8	+1.3
				Broadcasting transponder-related revenue	(0)	(0.1)
				Global & Mobility Area	+0.2	(0.2)
				Space Intelligence Business	+0.1	(0.1)
				Cost of purchase and related expenses in response to increased sales in Domestic communications Area	+0.5	+0.8
Media	Operating Expense	10.5	[(0.1)]	20.5	[(0.3)]	
				Depreciation expenses	(0.6)	(1.2)
				Orbital Lasers Corporation	+0.2	+0.2
	Operating Income*	6.1	[+1.1]	11.7	[+1.1]	
	Segment Profit**	4.6	[+0.9]	8.4	[+0.9]	
	Revenue*	16.1	[(0.4)]	32.1	[(0.9)]	
Media				Viewing fees, commission revenues and basic fees	(0.6)	(1.2)
				FTTH (Fiber To The Home) revenue	+0.1	+0.2
				Advertising expenses, Promotion expenses	(1.0)	(1.4)
				Depreciation expenses	(0.5)	(0.9)
				Deconsolidation of Subsidiary (SKY Perfect Customer-relations Corporation)	(0.2)	(0.5)
	Operating Expense	12.8	[(2.1)]	26.2	[(3.1)]	
Media	Operating Income*	3.2	[+1.7]	5.9	[+2.2]	
	Segment Profit**	1.8	[+0.7]	3.6	[+1.1]	
Media				Impairment Loss Due to Termination of CTV Business Feasibility Study	(0.8)	(0.8)

\*Including inter-segment transactions

\*\*Segment Profit is calculated based on net income after tax

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**Questioner [Q]:** On page 28, there are changes in sales and expenses for just the second three months of Q2, and I would like to ask you about each one along these items.

First of all, the domestic satellite field of the Space Business increased by JPY800 million, which I think is the contribution of solutions and JAXA's earth station, but what kind of domestic solutions are increasing?

Also, I think the JAXA project is a 10-year contract, but from September and this quarter is only a one-month contribution, so am I correct in understanding that the three-month contribution will continue for 10 years from Q3?

First, I would like to ask about the JPY0.8 billion increase in revenue in the domestic communications satellite area.

**Yamashita [A]:** As you mentioned earlier, JAXA's Near-Earth Tracking Network also contributed to the JPY800 million-plus in domestic operations, but there is also the ground-based system that utilizes ground facilities, which is video distribution. The steady growth in the number of these solutions being deployed is a major factor.

The other question you asked about the JAXA contract is as you understand it. This fiscal year, only the September portion is contributing, but the entire H2 of the fiscal year and thereafter will be a full year of revenue recognition.

**Questioner [Q]:** I would like to ask about solutions, because I can't imagine a specific service.

Also, in the Global and Mobility Area, I understand that in Q1, there was a bit of a revenue decline in Asia, but is it correct to understand that, this time, there is a JPY200 million increase in revenue here and that various applications are growing to absorb this increase?

Also, I am not sure about the SES S.A. part, but it is Ku-band in Asia. All of this will be sold to SES S.A., and this will be recorded as sales from H2, so will there be a larger increase here in H2?

Then, the Space Intelligence Business is only JPY100 million, but the Ministry of Defense's earlier-mentioned JPY8.85 billion will be contributed every three months starting in October. Since the budget here is about JPY25 billion, divided by the denominator JPY25 billion, is your company's share of 35%, correct?

**Yamashita [A]:** The solution may be difficult to understand, but the satellite facilities are in space. In addition to that, ground facilities, which receive data, especially recently low orbit satellites, such as the one shown in the lower left part of the slide on page 13, are being utilized more and more, as well as facilities to track and receive such satellites.

We are planning to increase revenues by having low orbit observation companies use these services, and I hope you will understand that these services are growing.

Your second question is about Superbird-C2. SES S.A. acquired Intelsat S.A., so originally, we have contracts with Intelsat S.A., plus the full capacity of Superbird-C2 to SES S.A. this time, as you understand.

We will provide these services and telecommunication services in Japan and other parts of Asia, and the contribution to revenue will start around Q4 of H2 of the fiscal year. Naturally, the revenue will grow further in the next fiscal year, as the contribution from this area is expected to be even more.

The third question you asked is about the intelligence field, the satellite imagery part. The contract with the Ministry of Defense, worth over JPY8.8 billion, included in a budget of



JPY24.7 billion of the Ministry of Defense. For example, the acquisition of SAR images and other such items are also included.

We are always thinking that we would like to expand our revenue further in addition to JPY8.8 billion, so I hope you understand that we were able to conclude the JPY8.8 billion contract this time.

**Questioner [Q]:** In a follow-up, I mentioned earlier about receiving data from low earth orbit satellites. We believe that the number of satellites will eventually increase to 20 or 30 at IQPS Inc.

Since you have an outsourcing contract with them, would that increase your company's sales here, or would you be able to take the JPY24.7 billion from the Ministry of Defense at a higher price if the 10 Pelican satellites were included?

**Yamashita [A]:** First of all, iQPS Inc. has already contracted with us for the low orbit receiving antenna. As the number of IQPS's satellites to be launched increases, the contract amount increases over a certain period of time, but not each time.

Naturally, we are also working on contracts with observation operators other than iQPS Inc., and we are working to properly absorb such deals from the market and link them to the contracts.

The other is the Space Intelligence Business. Pelican, which will be launched in H2 of the next fiscal year, is exactly the target here. Our plan is to utilize Pelican in the next fiscal year and beyond and to steadily increase the profitability of this area.

**Questioner [Q]:** Next, I would also like to ask about the Media Business.

Looking at this increase or decrease, the first question is that FTTH revenues increased by JPY100 million, and this will continue at this pace, JPY100 million and JPY100 million for both Q1 and Q2.

Also, in the area of costs, the first JPY500 million cost reduction for Bundesliga ended at the end of June, so did you almost absorb the JPY500 million cost in Q2?

Also, the rebound in tuners is JPY500 million in total in H1, which means that this is more in Q2 alone, so the cost has decreased by about JPY300 million?

Also, this advertising and promotion, I think that's what is included here, but are you also doing efficiency improvements? In that regard, I would appreciate it if you could explain the movement of expenses for Q2 in particular.

**Nakagawa [A]:** First, on the revenue side, FTTH is getting a net increase of 100,000 contracts per year. This is, simply put, increasing before the quarter, so it is safe to assume that this trend will continue for a long time.

Then, in Bundesliga, the impact in Q1 was minor, and in Q2, as Mr. Kubo explained earlier, there was an improvement of about JPY500 million. Please consider that this same amount will be improved in both Q3 and Q4. However, this has been factored into the budget.

As for the tuner, the effect was large in H1 and will not be as large in H2. We did it in H1 largely in the previous year, and for H2 of the previous year, we did not do this measure very largely, so please understand that it will not appear in H2.

We are also making significant and various efforts to improve the efficiency of the broadcasting business, including streamlining the broadcasting facilities at the SKY PerfectTV Tokyo Media Center and reviewing distribution costs as needed, and we will be increasingly taking these efforts of reducing costs, not just in this quarter.

While we cannot say for certain where the overall decline in the sales from the broadcasting business will stop, we are strengthening our cost control measures in line with sales, and we hope to continue this effect.

In a larger sense, yes, there is talk of additional efficiencies and whether cost reductions will continue. In this fiscal year, we will control advertising and promotion costs, which have resulted in a decrease in revenue. However, in H2, some broadcasts, such as baseball games and Formula 1 racing, will enter the season.

In order to reduce the net decrease of subscribers as much as possible, we may efficiently spend advertising expenses there, so we have not changed our forecast for the full year, but one additional point is that we will strengthen that area during the full year.

**Questioner [Q]:** First, with regard to the Space Business, I think that the Global and Mobility Area has been in a period of declining revenues for a long time, except for the effect of foreign exchange rates. I think the business is turning around very well, as you have secured an increase in revenue in Q2, excluding the impact of foreign exchange rates, and on top of that, you have signed a new contract for Superbird-C2.

Have you seen any recent changes in the competitive environment or demand in the market? I would like to ask you about the background behind the sudden turnaround in Q2, which has been difficult to grow in the past.

In addition, I assume that you will be replacing the Superbird-C2 contract with Superbird-9, and if so, is it correct to assume that the contract with SES S.A. will generate enough sales to cover the increase in fixed costs for Superbird-9 in the future?

In addition, please explain the status of other JSAT-31 and JSAT-32 orders and the outlook for the future.

**Yamashita [A]:** First of all, as for the market environment, the Global and Mobility Area is certainly growing in sales right now. This means that we have signed a large contract with SES S.A., and the market for in-flight Wi-Fi in particular is very strong.

As many of you may have experienced aboard airplanes, until now the internet connection in airplanes has been text-based or the like. However, ANA and JAL have now lifted the ban on so-called streaming. This has led to a significant increase in demand for capacity.

We are trying to make use of the satellites that we already own, and this is what led to the Superbird-C2 contract. The slight increase in sales in H1 was also driven by sales to IFC (In-Flight Connectivity).

We are also aiming to promote the usage of Superbird-9 in our contract with SES S.A., as we are shifting our service on to Superbird-9. The targeted demand I explained earlier will still grow. Therefore, we will continue to talk with SES S.A. about using Superbird-9 and increasing the bandwidth. We will continue to discuss with SES S.A. and further promote our services.

Superbird-9 is naturally targeting areas other than IFC. We are also looking at government use, including government use in Asia, military use, and so on, and we believe that by integrating all such deals, we will recover the increased depreciation, as a matter of course, and further increase revenues.

JSAT-31 and JSAT-32 are full digital satellites. Similarly, we will accelerate sales here in the future, including the use of government-affiliated companies in Asia.

For JSAT-32, it is a conventional analog satellite. Unlike Superbird-9 and JSAT-31, this is one of our existing fleet plans, and we are planning to have them use the fleet plan which is operated

by JSAT-32, in case there are existing customers who would like to use analog satellite. The ones that will drive these satellite replacements.

**Questioner [Q]:** Most recently, Planet Labs PBC has announced a new satellite called Owl, which I believe has many different features compared to Pelican in terms of functionality.

What features of Owl are different from those of Pelican, and in what use cases do you think it will be able to meet the needs of the market? If possible, would you consider making an investment in Owl in the future if you can anticipate demand?

**Yamashita [A]:** Planet's new satellites will first be budgeted for use in the National Security Field. Naturally, we have a partnership with Planet Labs PBC. that extends beyond the Pelican purchase to all satellite partnerships. Therefore, as an agency, we would like to start with the use of our services in the National Security Field, and if possible, expand the scope of our services to include civilian demands.

On the other hand, no decision has been made as to whether we will own Owl. We will keep an eye on market trends, and of course, if we see a business opportunity, we may take such measures, but there is nothing in particular that we have decided at this point.

**Questioner [Q]:** Next, regarding the Media Business, you did not disclose in the presentation materials this time, but in the Q1 presentation materials, you disclosed that you are planning to raise the price of optical retransmission service in December. I believe by hand calculation that this one will have an impact of JPY3.6 billion per year in increased revenue, based on simple calculations.

I assume that your company will bear the cost increase due to NTT East Inc. and NTT West Inc.'s fiber optic price hike in the past fiscal year in advance and will pass it on to the customers in December, and it will eventually lead you to increase revenue as you set price increase on customers.

**Nakagawa [A]:** The price increase this time will be due to inflation, labor, and maintenance cost increases and other factors that will have a ripple effect. The cost will certainly increase as the cost of line expenses, which we are leasing, will increase at the same time in December. Therefore, it does not mean that the entire price increase will affect gross profit.

**Questioner [Q]:** If that is the case, roughly how much should we expect the cost increase to be? Or is it safe to say that the effect of the price increase will not have that much impact on the profit side here?



**Nakagawa [A]:** There will be a large profit margin. I can't tell you the actual amount, but we believe it will be large. In the current fiscal year, we will start seeing the impact in December, but the next fiscal year, we will see the full effect, and we believe that the fiber-optic re-transmission service, as part of the Fiber-optic Alliance Business, will expand as a mainstay business.

**Questioner [Q]:** First, let me ask you a question in the National Security Field. Thank you very much for the better disclosure of materials. As of Q2 in H1 of this fiscal year, the percentage of sales progress is 40%, but I would appreciate it if you could tell me what percentage of orders is being won at this point toward achieving the full-year plan, and if you could give me some quantitative information about the visibility toward achieving this full-year plan.

**Yamashita [A]:** Progress, right now on National Security Field, is 40%, and this is mainly 60% in H2. Although it is difficult to give individual details of the projects we have acquired, we hope you will understand that JPY13 billion is a solid figure.

**Questioner [Q]:** Next, I would like to ask another question in the National Security Field again. Earlier in your explanation, Mr. Yamashita mentioned that you are preparing for the next defense force development plan.

While domestic small satellite players and defense equipment manufacturers are also entering the satellite industry, I believe from the outside that your company's unique strength lies in its geostationary satellite assets, and that there is an opportunity for your company in these area such as the Universal NTN™.

While the contents of the next defense force development plan have not yet been announced, I would appreciate a detailed explanation of where your company has a competitive advantage over other players and where you see opportunities.

**Yamashita [A]:** The next defense force development plan has not yet been announced. The Ministry of Defense is in the process of planning the project right now. In addition to our traditional focus on satellite communications and GEO, we will continue to work on satellite imagery in the field of Space Intelligence Business, which will be expanded and made more widely available in the next defense capability development plan.

In addition, we would like to go beyond the use of the space surveillance camera on board the ETS-9, which will be used to monitor the space activities, SDA (Space Domain Awareness), that

have been the focus of so much attention recently, and somehow aim for the demand for a second or third camera.

Also, regarding the optical data relay which Space Compass Corporation is promoting at the moment, this is also a field related to the Space Intelligence Business, but the feature of the optical data relay is that images taken are quickly transmitted to the ground. We would like to ask if this project be included in the next defense force development plan, and we would like to aim for their actual use.

In addition, the Ministry of Defense is also paying considerable attention to the field of space. In addition to the ones I just mentioned, projects that utilize space assets, such as QKD, would probably be one of them. We will take the lead in this area as much as possible while also developing products that will generate revenue for us and contribute to the Ministry of Defense.

**Questioner [Q]:** In the Global and Mobility Area on page 12 of the slide, the first thing I would like to ask you is regarding the Superbird-C2. If you look at the picture on the right of the slide, you can see that the bandwidth for this in-flight Wi-Fi is roughly double, maybe a little more than double, and it seems that you will be capable to provide that much. Is that roughly how I can understand it?

You also said that the contribution of the contract would be from Q4 onward, but I was wondering if I can assume that the difference between H2 of FY2024 and FY2025, on the left side, is roughly the impact of the contract here and that the difference will be about four times as much from the next fiscal year onward? Can you give us an explanation about it first?

**Yamashita [A]:** The first question you asked, Superbird-C2, the one that accompanied the demand forecast for capacity in the figure on the right, is now in the red arrow phase. The idea is to raise the bar by one step by offering the entire Superbird-C2 bandwidth in service.

This demand, if you shift to the right, is for the launch of Superbird-9 and JSAT-32, but the main demand is for Superbird-9, and sales will continue to use this Superbird-C2 bandwidth as it is. When JSAT-31 comes up, they will further expand their use of it.

This is a story that is not limited to SES S.A. Our partners are not limited to SES S.A., but we are in discussions with other potential customers as well, and we are looking to provide such capacity, which indicates the demand for capacity and the targets we would be able to provide.

**Questioner [Q]:** I'm sorry to be so detailed, but I have the impression that the difference between FY2024 and FY2025 on the left side roughly represents the amount that will be taken on in Q4 due to the increase in the Superbird-C2 capacity. Is my understanding correct?

**Yamashita [A]:** Yes, that's right. This chart is bandwidth-based, so first of all, capacity, or bandwidth, as you understand it, is the capacity to be provided. The idea is that this is how much growth will occur from FY2024 to FY2025.

As for sales, first of all, the Q1 and Q2 comparisons to last year do not yet reflect this increase in Superbird-9 contracts. We expect this to contribute from Q4 of this fiscal year.

However, the increase in transaction volume in US dollar terms can be attributed to the fact that, in addition to the Superbird-C2, we are gradually increasing our capacity to provide services to IFC, although the contracts are not as large as the Superbird-C2. I hope you can think of it as a contribution.

**Questioner [Q]:** Also, I have the impression, based on the way you have concluded this contract, that even after Intelsat S.A. is acquired, you will continue to have a good relationship with SES S.A. even if you change to doing business with them. Could you please share with us how you feel the response has been?

**Yamashita [A]:** It is true that Intelsat S.A. was acquired by SES S.A., but this is the business that Intelsat S.A. originally acquired, Gogo Inc., and continues to provide. From the SES S.A. perspective, this business, and we are also making these projections here, in-flight Wi-Fi is one very valuable target market.

We are in agreement with SES S.A. in these areas, and although Intelsat S.A. has changed to SES S.A., we are not only continuing our good relationship, but we are also discussing further collaboration with them. The response from SES S.A., as with Intelsat S.A., has been positive.

**Questioner [Q]:** Continuing on, I think this picture shows that in the future, the bandwidth that can be provided will be tripled with the launch of three satellites. On the other hand, the picture is that you want to increase this transaction volume by 20%, so I think you mentioned that the price will be lowered considerably.

I have the impression that you are anticipating a considerable reduction in prices. Can you please introduce the current projection based on how much you expect to reduce prices?

**Yamashita [A]:** The very bandwidth to be provided is targeted to provide about three times as much for IFC first, although the actual capacity itself will be much more.

On the other hand, our pricing strategy is based on the fact that we want our customers to use our services in bulk, or more specifically, we want to get long-term contracts. Since stable supply is one of our strategies, we will lower the price to a certain extent in order to provide large-lot bulk orders and to somehow aim for long-term contracts.

It is difficult to say exactly how much we will lower the price, since SES S.A. will be looking at our feet if we say so here, but of course, we will consider a certain amount of discounting when signing such large contracts, and we have set this target at 20% or more.

**Questioner [Q]:** Lastly, I'm not sure if the price you are expecting now will be different for SES S.A., but I have an image that Starlink will become stronger and stronger in the area of in-flight Wi-Fi in the future. Is your price competitive with them?

I am also wondering if the launch of Project Kuiper is in a situation where progress is being made, albeit slowly. I am concerned that if there is a kind of competition between Starlink and Kuiper occurs there, the way prices fall will be more intense. Could you give us your outlook for that area?

**Yamashita [A]:** First, it is true that Starlink and Kuiper will certainly be competing in the future. They also provide in-flight Wi-Fi mainly to business jets in the US rather than large aircraft, but we expect that they will probably enter our market.

On the other hand, we believe that the bit prices we are assuming for Superbird-9 and JSAT-31 will be competitive, as a market price, with Starlink, Kuiper, and the like. So, as I mentioned earlier about the price reductions, we have come up with these figures after considering our pricing strategy with this competition in mind.

We also believe that it is not just about price. As a customer service provider, we monitor satellite communications 24 hours a day, 365 days a year, and if there is an accident of any kind, we will be there for the customer and provide the best possible service. That is our strength, and it is valued by our customers very well.

With these aspects as well, we are also considering improving the level of service in addition to price and aiming for stable, long-term use.

**[END]**



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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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