

3 HOW WE CAN SUCCEED



We realize
our business vision
through
four key strategies.



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Glossary for Understanding
Our Company

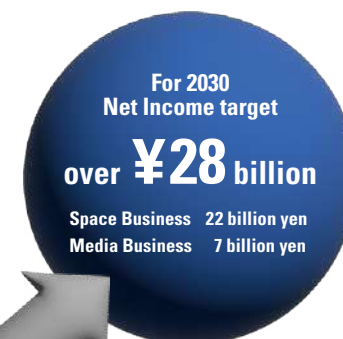
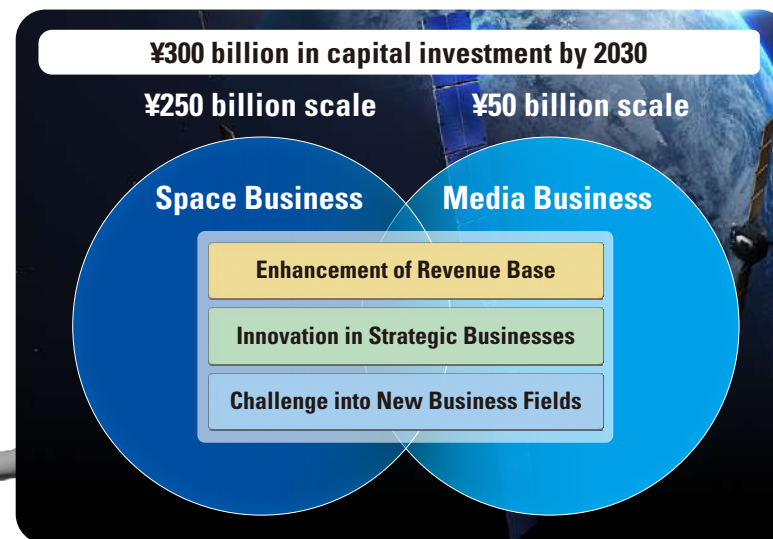
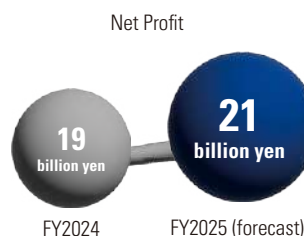
<https://en.skyperfectjsat.space/ir/glossary>

Management Strategy Toward 2030

Adopting four strategies to achieve a net profit of over ¥28 billion in 2030

1 Improving profitability in existing businesses

2 Exploring new business fields



Space Business

Leveraging our 40 years of experience cultivated in the field of space and satellite services, we will contribute to realizing a super-smart society by building an innovative communication network for all spaces and a global data collection network.

Enhancement of Revenue Base In our Connectivity Business, we will optimize our satellite fleet to further increase profitability. While looking ahead to the launch of next-generation satellites from 2027 onward, we will expand sales for mobile and global applications.

Innovation in Strategic Businesses Starting with the construction of our own low Earth orbit satellite constellation announced in February 2025, we will expand our business from its geostationary orbit focus to a Multi-Orbit approach, and will advance our transformation from being a satellite operator to a "Space Solutions Provider".

Challenge into New Business Fields We aim to realize services that utilize new technologies, such as Space Situational Awareness, optical data relay, and space debris removal.

Media Business

While maintaining our solid position as a player with satellite broadcasting and video streaming networks, we will contribute to realizing a diverse and highly creative society as an entertainment platform that connects people, companies, and society.

Enhancement of Revenue Base In the Broadcasting & Video Streaming Business, we will focus on our flagship products, which are chosen by many subscribers, and on maintaining our high-quality customer base to further increase profitability.

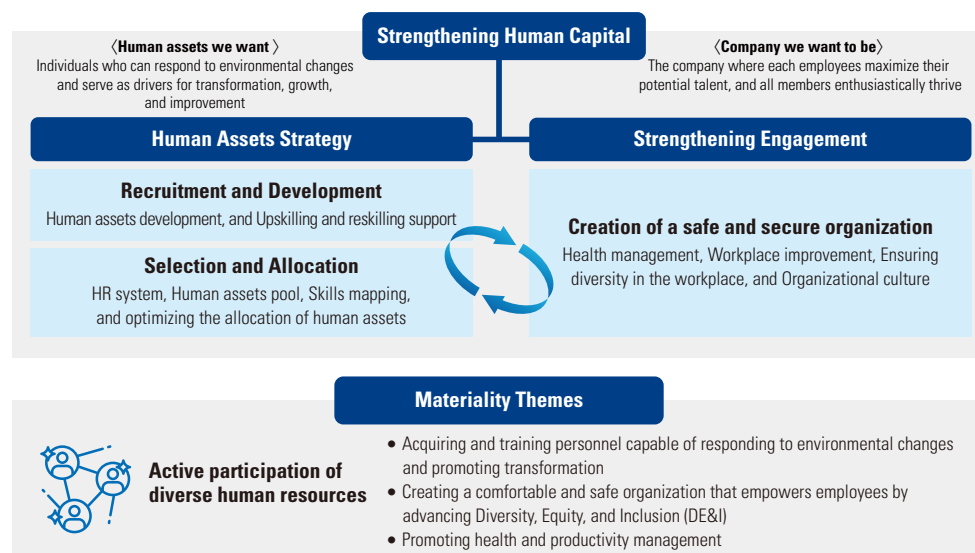
Innovation in Strategic Businesses In our Fiber-optic Alliance Business's re-transmission service, we will expand the number of connected households by strengthening collaboration with our alliance partners. In our CATV pass-through service, we will enhance our ability to provide solutions for the challenges faced by CATV companies and aim to expand its use.

Challenge into New Business Fields We will take on the challenge of further growing our Anime Content IP Business and strategically expanding related businesses.

Management Strategy Toward 2030

3 Strengthening human capital

We have two pillars: “Human Assets Strategy” aimed at recruiting and nurturing the talent we need and proactively investing human capital in the focus areas of each business, and “Strengthening Engagement” to enable our talent to exert their full potential. Under the Human Assets Strategy, we define the talent we seek as individuals who can respond to environmental changes and serve as drivers for transformation, growth, and improvement. Based on our human asset development policy of “drawing out and maximizing each employee’s abilities to contribute to the business,” we aim to maximize individual performance and improve productivity by recruiting and developing the talent we need, proactively assigning them to focus areas, and promoting high-performers at an early stage. In Strengthening Engagement, we aim to revitalize the organization by “Creation of a safe and secure organization” so that the talent recruited and developed through our Human Assets Strategy can perform to their fullest potential.

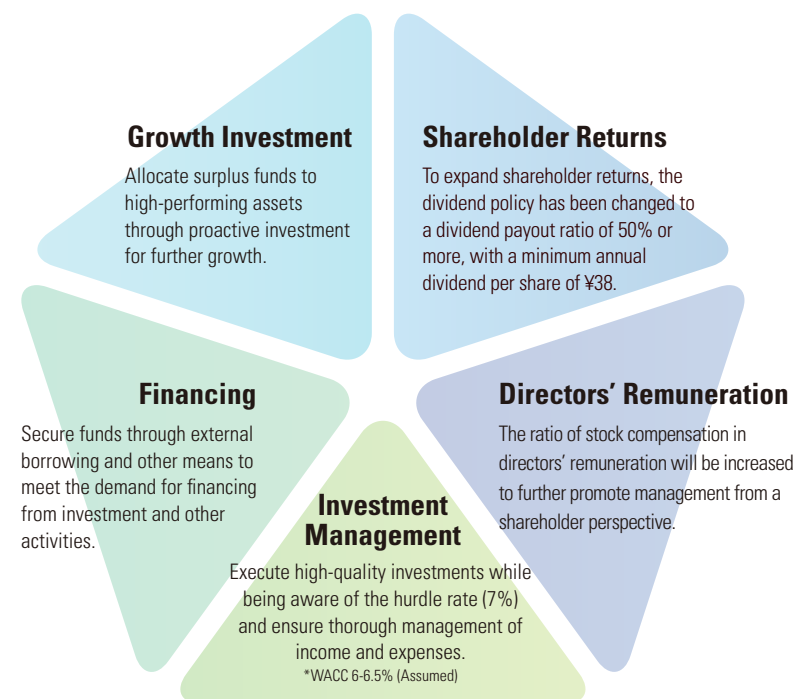


► For details on strengthening human capital, see page 47

4 Enhancing management base

Aiming to achieve growth through the simultaneous enhancement of economic value and social (environmental) value, we aim to deepen our sustainability management. Additionally, as a company engaged in highly public-interest businesses, we will ensure management transparency through the improvement of corporate governance. At the same time, we will further strengthen the management foundation supporting our business, including compliance, risk management, personal information protection, and information security management.

To enhance corporate value, we aim to realize management that is conscious of capital costs and stock price by implementing and linking the initiatives shown in the diagram below in an ongoing manner.



Message from the Chief Financial Officer

We will further accelerate growth investments, because without them, there is no growth

Chief Financial Officer

Isao Kubo



As CFO

One year has passed since I took office as CFO. When I first joined the Company, I strongly felt that there was a lot of waste in many different areas. I first worked on eliminating waste from our day-to-day operations and I have thoroughly instilled an awareness of using money and time carefully. One example of this is meetings with a large group of people. There was a lack of awareness that personnel costs are incurred when meetings are held, so I took steps to clarify the purpose of meetings (decision-making, information sharing, etc.) and revised the operational rules for meetings, including a reduction in the materials used, shorter durations, and the careful selection of participants.

Also, the Company's business strategies were centered around profit and loss, but I strongly felt that we must pivot towards a style of management that is more conscious of the balance sheet.

As I enter my second year in this role, I intend to focus on dialogue with the capital markets, essentially the providers of the Company's funds, and engage in more proactive communication. I too hold shares with restrictions on transfer in the Company and am one of its long-term shareholders. So, I will fulfill my role of CFO always from a shareholder's point of view.

Basic policy on financial strategy

We have established financial discipline to maintain an equity ratio of 50% or more and to keep the net interest-bearing debt-to-EBITDA ratio to within 2.0x. In preparation for the issuance of corporate bonds and other securities, our basic policy on financial strategy is to maintain a high credit rating in line with this financial discipline while executing growth investments and extending returns to shareholders.

As of the end of FY2024, the equity ratio was 69.8%, well above our financial discipline requirements, but this is in preparation for the large-scale growth investments we have planned for FY2025 and beyond. In making investments, we estimate the weighted average cost of capital (WACC) for shareholders'

equity and interest-bearing debt to be between 6% and 6.5%, so we have set a hurdle rate for investment decisions at 7%.

While it is said that "No Growth Without Investment" we do not generally approve projects that are not expected to exceed the hurdle rate. While actively investing in the future, we will make decisions with a no-holds-barred approach to scale back or withdraw from projects in existing businesses as well as in future businesses that do not offer sufficient returns to meet the hurdle rate.

Japan Credit Rating Agency, Ltd.
(JCR)

Long-term rating A

Definition of rating: A high level of certainty to honor financial obligations

(as of December 2, 2024)

FY2024 earnings review

Revenues increased by 1.5% year on year to ¥123.7 billion, and operating profit rose by 3.6% to ¥27.5 billion in FY2024. In the Space Business, the Space Intelligence Business and Global & Mobility Area contributed to higher revenue. In the Media Business, even though viewing fee revenue continues to decline, non-broadcasting revenue increased from mainly the Fiber-optic Alliance Business, as well as new ventures such as the Anime Content IP Business and talk events.

Profit attributable to owners of the parent increased by 7.7% to ¥19.1 billion. This mainly owed to higher operating profit, in addition to a rebound from the year-earlier loss on the valuation of investment securities. While continuing to make investments for the future, we were able to report record-high profit for the second-straight year.

| | Actual | | | Forecast |
|---|--------|--------|--------|--------------|
| | FY2022 | FY2023 | FY2024 | FY2025 |
| Revenue (Billions of yen) | 121.1 | 121.9 | 123.7 | 127.6 |
| Operating profit (Billions of yen) | 22.3 | 26.5 | 27.5 | 30.8 |
| Profit attributable to owners of the parent (Billions of yen) | 15.8 | 17.7 | 19.1 | 21.0 |
| Dividends per share (¥) | 20 | 21 | 27 | 38 |

Message from the Chief Financial Officer

■ Outlook for FY2025 and beyond

We forecast FY2025 revenues of ¥127.6 billion (+3.1% YoY), operating profit of ¥30.8 billion (+12.0%), and profit attributable to owners of the parent of ¥21.0 billion (+9.9%), making a record-high profit for the third year in a row. In the Space Business, we are targeting revenue and profit growth as we expect growth in communications services for the mobility network to offset lower broadcasting transponder-related revenue. In the Media Business, we look for profit growth by focusing on our core products to keep a lid on the decrease in satellite broadcasting business revenue, optimizing the costs of mainly broadcasting equipment operations and marketing, and expanding revenue in the Fiber-optic Alliance Business.

Under these circumstances, we have raised the target of achieving ¥25.0 billion in profit attributable to owners of the parent by FY2030 to at least ¥28.0 billion. By segment, we are targeting ¥22.0 billion in the Space Business and ¥7.0 billion in the Media Business.

We forecast sharp profit growth in the Space Business, driven by the Space Intelligence Business. With our so-called Multi-Orbit Strategy to expand our business fields on multiple levels to non-geostationary orbits and the stratosphere, we will evolve into “Space Solution Provider” that utilizes assets in space to solve social issues. We will enhance the power of our earnings base while also executing large-scale growth investments.

Meanwhile, in the Media Business, we will transform our structure to stably maintain segment profit of ¥6.0 billion or more by strengthening our earnings foundation in the Broadcasting & Video Streaming Business and expanding the Fiber-optic Alliance Business. And by pressing ahead with the Anime Content IP Business and other ventures, we believe we can chalk up profit of ¥7.0 billion by FY2030. Halting the gradual decline in the cumulative number of subscribers will prove challenging, but demand for satellite broadcasting will continue to be necessary in disaster-prone Japan. Looking to the future, we will properly establish a system that optimizes the scale of our business operations and continues to generate profits that are commensurate with our capital costs.

In addition, in the years following FY2026, we anticipate an increase in depreciation expenses due to the start of operations for next-generation high-capacity communication satellites and LEO satellite constellations. However, we forecast that EBITDA, excluding the impact of these expenses, will expand from ¥48.0 billion in plans for FY2025 to ¥74.0 billion or more by FY2030.

■ Investment plans and capital allocation

With a view to achieving dramatic growth after FY2030, we are increasing our investment amounts year by year. Over the three-year period from FY2022 to FY2024, we invested a total of ¥72.0 billion.

In addition to the procurement of next-generation high-capacity communication satellites and LEO satellite constellations, we have plans for capital investments in the expansion of ground station facilities and satellite control centers, as well as business investments in

Investment Plan

| FY2025 - FY2027 Plan | | | FY2025 Plan |
|---|--|--|----------------------|
| IN | OUT | JPY220B | OUT JPY70B |
| Net Cash from Operating activities JPY150B | Enhancement of Revenue Base JPY140B | JSAT-31/32, Superbird-9 Ground stations, Expansion of premises Broadcast equipment | JPY35B |
| | Innovation in Strategic Businesses JPY60B | LEO Satellite Constellation Fiber-optic Alliance Business | JPY20B |
| Increase in Interest-bearing Debt JPY30B | Challenge into New Business Fields JPY20B | Space Compass Start-up Investment | JPY15B |
| Use of cash on hand JPY70B | Shareholder Returns over JPY31.5B* | Dividend Repurchase of treasury stock *On a payment basis | JPY10B* |
| Total approx. JPY250B | Total approx. JPY250B | | Total approx. JPY80B |

new fields, such as Space Compass Corporation and startup firms. All up, we have earmarked ¥70.0 billion for investments in FY2025.

We also plan to invest similar amounts in FY2026 and FY2027, based on a total investment plan of ¥200 billion or more for the next three years. The investment amount for next-generation high-capacity communication satellites accounts for the lion's share of this investment plan because it aims to consolidate our satellite fleet in the medium-to-long term and strengthen our competitiveness.

All up, the cumulative investment amount from FY2022 to FY2030 may exceed the ¥300 billion mark that I have talked about for some time now. The necessary funds will primarily be covered by stable operating cash flow of ¥40–¥50 billion annually. We will also look to utilize corporate bond issuances and bank loans.

We will enhance the efficiency of shareholders' equity while utilizing greater financial leverage than before.

■ Towards improvements in capital efficiency

As of the end of FY2024, our ROE was 6.8%, which is still below the level of at least 8% generally desired by the stock market. Although net profit (the numerator) has hit a record high, shareholders' equity (the denominator) has also increased, resulting in a slower pace of improvement.

Shoring up our financial base is our top priority, keeping in mind the credit associated with the enormous cost of satellite procurements, in addition to being a company that supports social infrastructure. We have therefore adopted a policy of increasing our equity capital. Having sufficient equity capital is, in fact, a strength, and it offers the advantage of keeping down costs associated with bond issuance and borrowings. However, simply retaining the generated funds internally does not mean I am fully fulfilling my responsibilities as CFO.

As of the end of FY2024, total assets amounted to approximately ¥400 billion, with cash

Message from the Chief Financial Officer

and cash equivalents reaching ¥114.5 billion. Needless to say, the most important thing is to increase the numerator of ROE, namely, net profit. Up ahead, as CFO, I will also be focused on controlling the Company’s balance sheet.

While adhering to financial discipline, we aim to convert funds that do not generate profits into high-quality assets that yield revenue, and by controlling the accumulation of equity capital and re-assessing the balance with liabilities, we will aim to improve ROE over the medium-to-long term.

Also, in FY2025, we are introducing ROIC on an experimental basis to raise awareness of capital efficiency throughout the Company. The aim here is to cultivate an awareness within the Company that simply generating profits is not enough—the assets we use incur an invisible cost of capital, and utilizing them is meaningless unless we can generate returns that exceed this cost. We therefore aim to instill a mindset of effectively investing capital across the entire SKY Perfect JSAT Group.

Strengthening shareholder returns

We have promised to return ¥40 billion to shareholders over the five years starting from FY2022, and considering that we posted record-high profit in FY2024, we decided to raise the annual dividend per share by ¥6 to ¥27 (for a dividend payout ratio of 40.0%).

As we continue to prioritize growth investments up ahead, we have made some changes to our policy in order to return profits to shareholders over the long term. From FY2025, we will target a dividend payout ratio of at least 50%, with a minimum annual dividend per share of ¥38. While some shareholders may wish for all of our earnings to be reinvested in the business, others desire more aggressive profit distributions. We therefore believe this represents a balanced level.

We have raised the minimum annual dividend per share, not with the mindset of distributing profits when they are generated, but with the intention of advancing our financial strategy based on a predetermined amount of distribution.

In addition, we will flexibly implement share buybacks depending on the circumstances. As a result, the cumulative shareholder returns over the five years through to FY2026 will exceed the ¥40 billion we had promised, and should total more than ¥46 billion.

Furthermore, we have increased the weighting of restricted stock compensation for the Company’s officers, which allows us to align more closely with our shareholders while maintaining a strong financial base and balancing growth investments with high returns.

Dialogue with shareholders

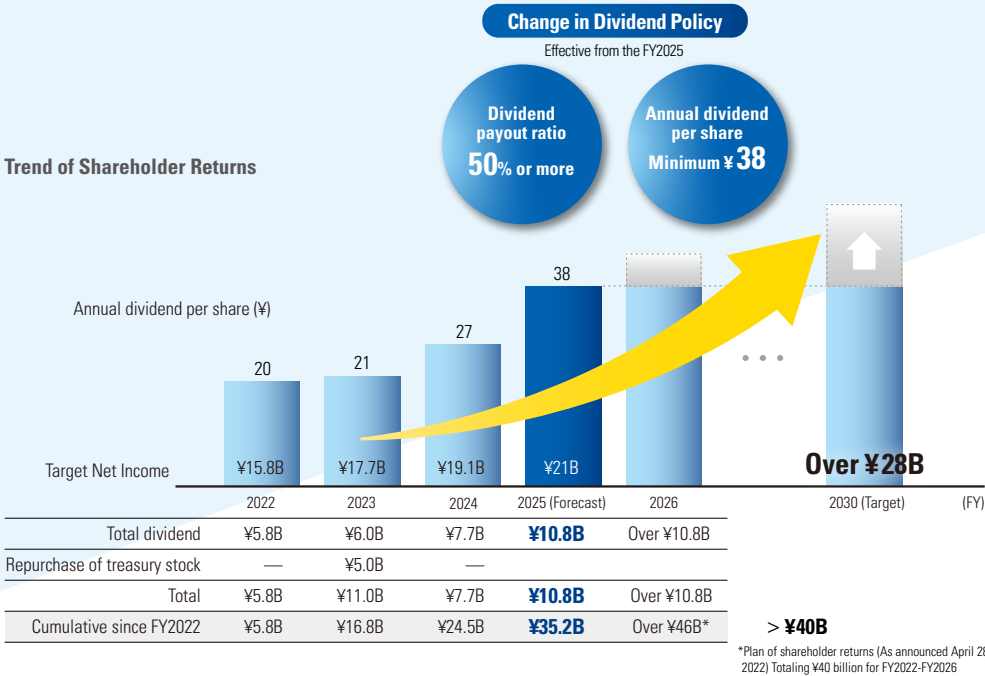
In FY2024, in addition to holding our quarterly earnings results briefings, we participated in conferences in Japan hosted by securities firms for overseas investors, as well as overseas roadshows, and in FY2025 we held events for individual shareholders, creating numerous opportunities to engage in direct dialogue with our shareholders and investors.

While our stakeholders often voice their expectations for the Space Business, we also

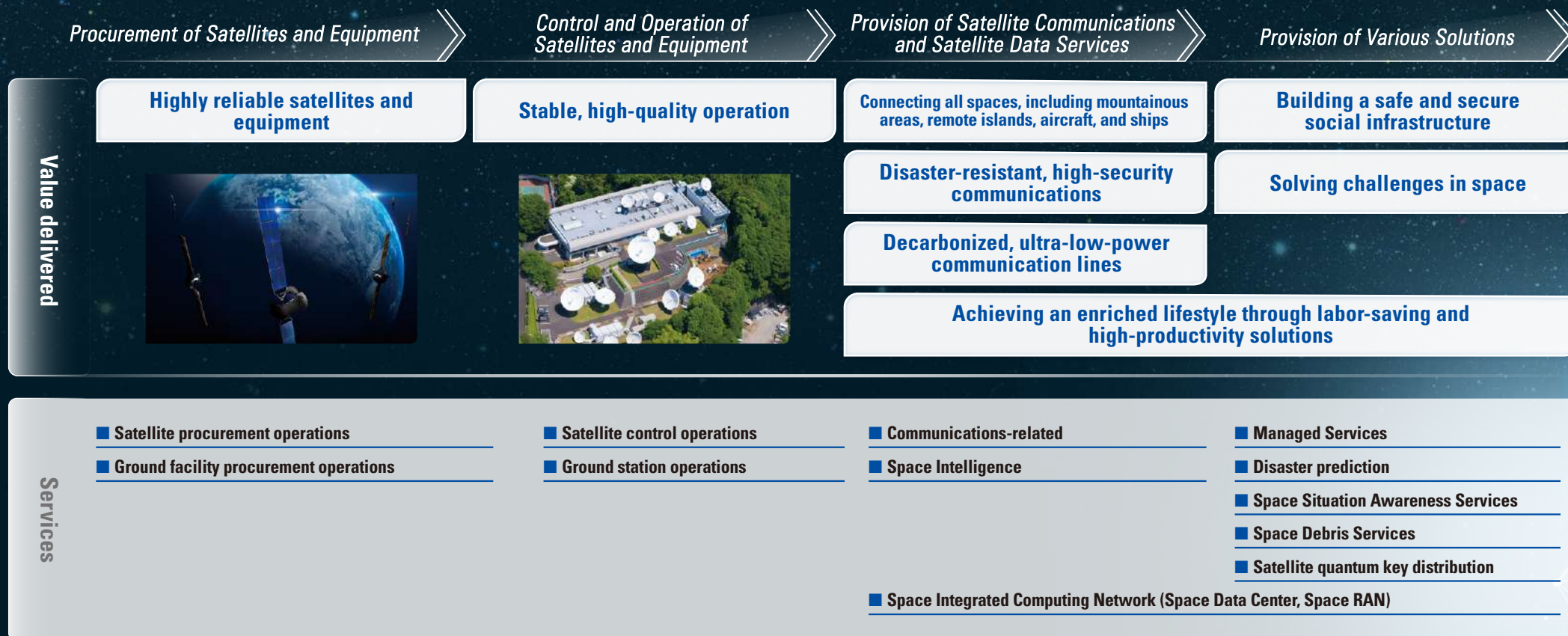
encounter critical feedback at times, such as our lack of disclosure, the complexity of information, concerns about the sustainability of the Media Business, and the unclear direction of our capital policy. We recognize that direct communication provides us with these valuable insights that we cannot obtain otherwise.

This candid feedback is reported without reservation in the IR activity reports presented at the quarterly meetings of the Board of Directors. As CFO, I believe it is an important mission of mine to take this valuable feedback seriously and make sure it is reflected in the management of the Company.

A series of initiatives aimed at enhancing corporate value and the disclosure of our capital allocation were also carried out in response to dialogue with shareholders. Going forward, I hope to further deepen constructive communication with everyone while maintaining a strong focus on both the quality and quantity of our information disclosure.



Review of Operations —The Space Business's Value Chain—



Value Chain for Main Services



Space Business

Teruo Yamashita

Board Director
(Unit President, Space Business Unit,
SKY Perfect JSAT Corporation)

- A track record of having driven the commercial space business in Japan for 40 years
 - Technologies and knowledge regarding satellite procurement and operation that are highly specialized and difficult to emulate
 - Long-term relationships of trust and a stable customer base
- Assets to realize our Multi-Orbit strategy
 - Orbital rights and ownership/procurement of cutting-edges GEO (High Throughput Satellite [HTS]/ Software-defined Satellite [SDS])
 - Ground station facilities at six domestic locations (Hokkaido, Ibaraki, Gunma, Yokohama, Yamaguchi, and Okinawa)
 - Partnerships with domestic and international space business operators
 - Hybrid provision of our world-class proprietary optical satellites and QPS SAR imagery
 - Total solutions utilizing image analysis technology
 - Specialized human resources with knowledge and experience unique to the space industry

- Increased demand for satellite communication lines
 - Asia-Pacific and North America areas
 - In-flight connectivity
- Increased activity in the global space industry and space utilization
 - Data business, including Earth observation and image analysis
 - Expansion of space-related budgets (e.g., for national security)
 - Development of space-based communications infrastructure for the Beyond 5G/6G era
 - Growing interest in the space environment (e.g., space debris)

| Materiality Themes | Materialities |
|--|---|
| Building resilient broadcasting and communications infrastructure, eliminating the digital divide | Provision of broadcasting and communications infrastructure to all areas and environments |
| | Supporting BCP and relief recovery through the provision of disaster-resilient broadcasting and communications infrastructure |
| | Initiatives toward building a universal NTN™ (Non-Terrestrial Network) |
| Contributing to the environment to realize a decarbonized society and circular economy | Support reduction of CO ₂ emissions via satellite services |
| Promoting innovation which contributes to the environment and society | Development and promotion of remote sensing |
| | Creating new value through upgrades in broadcasting and communication, technological development, and other initiatives |

Transforming our business model while promoting our Multi-Orbit strategy

Business Climate

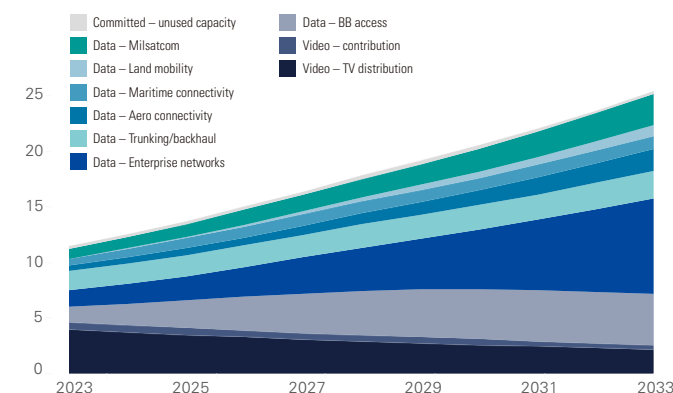
As the global space industry market expands, new players are entering the market, and large-scale LEO satellite constellations are beginning to offer full-fledged communication services, intensifying competition. In the Domestic communications Area, the provision of lines for government agencies, local authorities, and infrastructure companies has become a source of stable demand, and demand for satellite operations and ground station services is also increasing. In Global & Mobility Area, satellite communications for aircraft and ships is emerging as a key growth

market. On a global basis, the penetration rate of satellite use on aircraft is expected to exceed 40% by 2033, more than double compared to 2023.

Furthermore, as demand for satellite data in national security, disaster prevention, and mitigation expands, the global Earth observation market is projected to reach ¥1 trillion by 2030. In the national security field in particular, demand is increasing significantly due to rising geopolitical risks.

| | |
|---|--|
| S (Strengths) | W (Weaknesses) |
| | <ul style="list-style-type: none"> • Communication capacity and coverage (number of satellites in orbit, coverage area) outside the APAC region • Difference in establishing infrastructure other than GEO satellites |
| O (Opportunities) | T (Threats) |
| <ul style="list-style-type: none"> • Increased demand for satellite communication lines <ul style="list-style-type: none"> - Asia-Pacific and North America areas - In-flight connectivity • Increased activity in the global space industry and space utilization <ul style="list-style-type: none"> - Data business, including Earth observation and image analysis - Expansion of space-related budgets (e.g., for national security) - Development of space-based communications infrastructure for the Beyond 5G/6G era - Growing interest in the space environment (e.g., space debris) | <ul style="list-style-type: none"> • Intensifying price competition in overseas markets for satellite communication lines • Full-scale launch of telecommunication services by LEO satellite constellation operators • Reduced use of satellite communications due to expansion of terrestrial communications networks • Emergence of country risks in overseas business • Intensifying competition in the Earth observation business |

Market scale forecast by use application (in billion USD)



Source: NOVASPACE, Satellite Connectivity and Video Market, 31st edition, September 2024

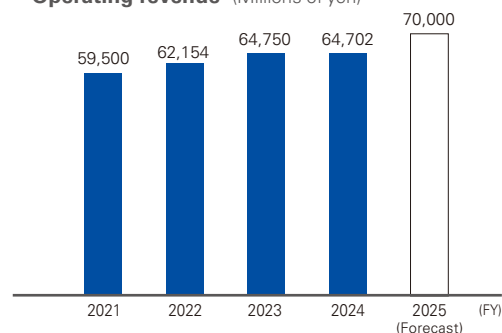
Review of Operations —Space Business—

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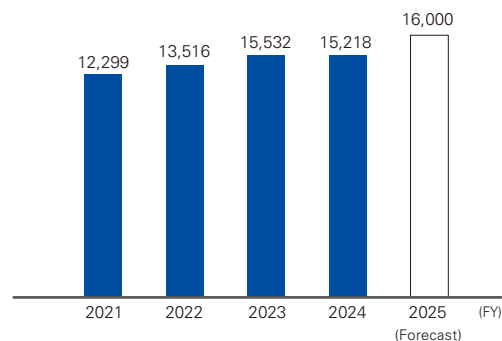
Financial Highlights

- **Higher revenue in the Space Intelligence Business and New Business Fields offset the decrease in broadcasting transponder revenue.**
- **Despite recording upfront costs for strengthening our North American base and for New Business Fields, segment profit exceeded expectations.**

Operating revenue* (Millions of yen)



Segment Profit* (Millions of yen)
(Profit Attributable to Owners of Parent)



* Includes intersegment transactions

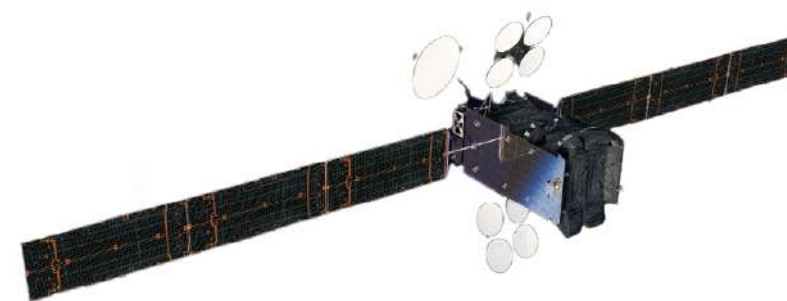
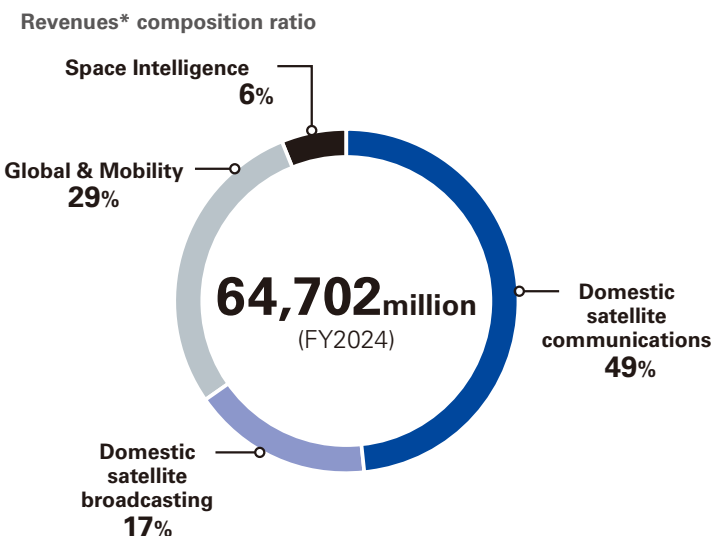
Review of FY2024

In FY2024, operating revenue for the Space Business was ¥64.7 billion, on par with the previous fiscal year. Notably, broadcasting transponder-related revenue decreased by ¥2.8 billion due to the termination of 4K broadcasting and other factors. However, this was offset by a ¥1.9 billion increase in revenue from the Space Intelligence Business and New Business Fields, as well as a ¥0.8 billion increase in revenue from our North American subsidiary and the Global & Mobility Area. Due to strategic investments for the future, operating profit decreased by ¥0.8 billion to ¥22.0 billion, and segment profit (profit attributable to owners of the parent) decreased by ¥0.3 billion to ¥15.2 billion.

In the Connectivity Business, we signed a 10-year contract with expressway companies for next-generation satellite communications services. We also signed procurement contracts for two new satellites—JSAT-31 (SDS) and JSAT-32—aiming to realize innovative next-generation communication services, and established the “Universal NTN™ Innovation Lab” at our Yokohama Satellite Control Center (YSCC). In the Space Intelligence Business, to ensure a stable supply of Earth observation satellite data, we decided to invest in our own LEO satellite constellation and entered into a capital and business alliance agreement with ArkEdge Space Inc. to strengthen satellite control and ground station services for LEO.

Operating Revenue for FY2025

For FY2025, although a decrease in broadcasting transponder-related revenue is expected, we forecast Space Business operating revenue of ¥70.0 billion, an increase of ¥5.3 billion year-on-year, driven by expanded sales of communication services for mobile applications. We also anticipate operating profit to rise by ¥1.3 billion to ¥23.3 billion, and segment profit to grow by ¥0.8 billion to ¥16.0 billion. We are aiming for increased revenue and profit by utilizing our operational HTS to meet demand in the Global & Mobility Area with high-speed, large-capacity communication services, and by enhancing our satellite imagery sales service by promoting business alliances with Earth observation satellite operators.



Review of Operations —Space Business—

Medium- to Long-Term Business Strategy

Enhancement of Revenue Base

In the Domestic communications Area, long-term contracts with infrastructure companies, in addition to those with government agencies and local governments, form a stable revenue base. With the recent expansion in Space-related Government Budget, we plan to further strengthen provision of communication networks, especially for national security purposes.

In the Global & Mobility Area, we will launch the next-generation satellites Superbird-9 and JSAT-31 to capture demand in Southeast Asia, which is projected to quadruple by 2030. We are also promoting the development of a “Universal NTN™” and, through a Multi-Orbit strategy that combines our own GEO with other companies’ satellites, LEO satellites, and HAPS, we aim to provide a universal communication environment that ensures seamless connectivity anytime, anywhere.

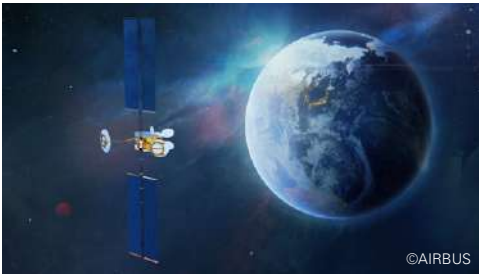
We are participating in a demonstration of next-generation communication technology being implemented by an international joint research team. In May 2025, at the Osaka-Kansai Expo, we successfully conducted the world’s first demonstration of real-time, cross-border 5G NTN communication via a geostationary satellite. In the future, with the emergence of new forms of mobility such as connected cars and autonomous ships, communication needs are expected to diversify further. Our Group will respond to these changes and work to strengthen our revenue base.

Innovation in Strategic Businesses

The Space Business will acquire new revenue sources by transforming its business model in anticipation of changes in the business environment. In particular, to meet growing demand for satellite data, we will handle our own LEO Earth observation satellite constellation and evolve our business by deploying advanced services that incorporate image analysis technology.

While expanding sales of satellite images to government agencies and local governments, with a focus on national security, we will promote the development of new markets over the medium- to long-term, including finance, insurance, agriculture, forestry, fisheries, and logistics, in addition to disaster prevention and mitigation. “LIANA,” a service we have already launched, is being used for disaster countermeasures such as monitoring land subsidence and landslides. We have also jointly developed a system with WHERE, Inc. to detect changes in land, and are in discussions with Tenchijin, Inc. regarding a water pipe leakage risk management system. Through such collaborations with innovative startups, we will accelerate the creation of new solutions and products utilizing satellite data. In addition, we will leverage the technology and know-how we have cultivated by controlling and operating more than 30 satellites to focus on expanding our commissioned satellite operations and ground station services.

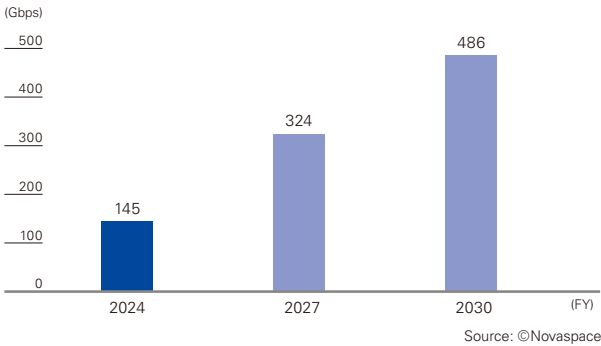
Superbird-9
(Scheduled to launch in 2027)



JSAT-31
(Scheduled to launch in 2028)



Forecast of Demand for GEO Satellite Communications for Southeast Asia [Gbps]



Pelican
(10 satellites scheduled to launch sequentially from 2026)



Review of Operations —Space Business—



The Space Business's Contributions to and Pioneering Efforts for National Security

Masayuki Nonoyama

General Manager, National Security Business Division,
Space Security Business Group
Space Business Unit
SKY Perfect JSAT Corporation

► The Importance of Space for National Security

In recent years, the international situation has become increasingly unstable against the backdrop of U.S.-China tensions and the invasion of Ukraine, and Japan is facing its most severe and complex security challenges since the end of World War II. In this context, outer space, along with cyberspace, is drawing attention as a new cross-domain area that transcends the traditional domains of land, sea, and air. The Ministry of Defense's cumulative space-related budget is expected to total ¥1 trillion over the five years from FY2023 to FY2027.

The Ministry of Defense is promoting initiatives based on three themes: “connecting” from space, “capturing” from space, and “protecting” space. These initiatives seek to “connect” from space through satellite communications and “capture” from space using Earth observation satellites and similar. Additionally, by observing space using ground and space infrastructure and continuously maintaining a stable state to facilitate its use, these initiatives also seek to “protect” the use of space. These directions from the Ministry of Defense are highly compatible with our business, and by making maximum use of our cultivated assets and know-how, we are proceeding to contribute to space security.

► Our Areas of Contribution

First, I will explain our contribution to “connecting” from space. Since undertaking a communication mission for the Ministry of Defense in 1989, when we launched our first satellite, we have spent over 35 years building up a solid position in satellite communications within the National Security Field. We currently serve as the corporate representative responsible for the PFI project related to the defense communication satellites Kirameki-1, -2, and -3, and while leading a consortium with related companies, we are entrusted with the operation, maintenance, and management of these satellites. We support the stable operation of this communication infrastructure, which is extremely important for national security. Similar to submarine cables, satellite assets themselves can also be seen as a crucial means of communication for Japan's economic security.

Next is our contribution to “capturing” from space. In response to rapidly increasing

demand for satellite images due to heightened geopolitical risks, in February 2025 our Group decided to invest a total of approximately ¥40 billion to acquire our own LEO satellites and build and own a constellation in collaboration with Planet Labs PBC of the U.S. Satellite imagery captured from space make it possible to monitor all domains and spaces—land, sea, and air—in real time. For example, expected effective applications in national security include continuously monitoring the movements of military facilities and immediately detecting any suspicious activity or unusual movements. The imagery obtained from the Earth observation satellites we are procuring boast a world-class resolution of 30 cm, clear enough to identify car models from space. By switching from external procurement to in-house procurement of such superior imagery, we can establish a stable supply system and secure top-priority imaging rights, thereby solidifying our competitive advantage.

Through our strong sales channels (network) to government agencies, our collaboration with defense- and space-related companies, our unique coordination capabilities, and our experience and achievements to date, we are playing an important role in Japan's national security strategy.

► Medium- to Long-Term Growth Areas

Over the medium- to long-term, we plan to contribute to “protecting” space as well.

We will install a space-based optical telescope on the Japan Aerospace Exploration Agency's (JAXA) Engineering Test Satellite No. 9. We will also actively engage in continuous monitoring of important public and private GEO that are operating within Japan's orbital rights. We hope this will contribute to maintaining stability in the GEO over the Asia-Pacific region.

Furthermore, by realizing satellite quantum key distribution, it will become possible to provide highly secure encryption for communications with remote areas such as Southwest Islands of Japan as well as with ships and other mobile communications platforms.

Without limiting our efforts to Japan, we will aim to contribute globally by horizontally deploying the experience, technology, and know-how we have cultivated to overseas security markets.



Review of Operations —The Media Business's Value Chain—

Content Aggregation, Program Procurement,
and Production

Transmission and
Distribution of Programs

Broadcasting Platform

Multi-Alliance

Value delivered

Aggregation of a wide range of content

Delivering high-quality and high-definition programs nationwide

Providing experiences that add
value to content

Broadcaster without their own facilities can also achieve reliable broadcasting and distribution

Provision of end-to-end services from video production to distribution

Planning, production investment, and domestic and international expansion for anime

Response to diverse viewing needs

Services

■ Broadcasting & Video Streaming (SKY PerfecTV!, Premium Service and Premium Service Hikari)

SKY PerfecTV!

スカパー!
番組配信



■ Fiber-optic Alliance (Fiber-optic re-transmission service
and CATV pass-through service)

光回線テレビ

■ Media Solution



■ Events



■ Anime Content IP
(Orb: On the Movements of the Earth, etc.)

■ Web3 services

Value Chain for Main Services

Broadcasting

Content Aggregation

Content and commercial materials from broadcasters and program providers are aggregated onto the broadcasting platform and played out in the specified order.

Multi-channel Pay TV Service

A multichannel pay TV broadcast service is provided, delivering programs directly to homes via proprietary satellites.

Events and Web3 Services

Hosting events related to TV program, providing new entertainment experiences that fans can participate in.

Fiber-optic
Alliance

Re-transmission Service

We provide a re-transmission service that delivers terrestrial and BS broadcasts, FM radio, and multi-channel pay TV from reception points across Japan via optical fiber.

Pass-through Service for CATV Operators

We provide multichannel broadcasting to customers by utilizing BS/110-degree CS pass-through broadcasting via the FTTH transmission networks of cable TV operators.

Media Solutions

High-quality Video Production and Recording

Providing high-spec studios and equipment, while also supporting a wide range of video production needs, including program production and broadcast live of events.

Transmission and Distribution Utilizing In-house Facilities

Broadcasting & Video Streaming Business are facilitated through the use of advanced playout systems designed for broadcasting and streaming operations. Furthermore, services are offered that aggregate and stream videos from Japan and overseas, as well as add subtitles to live broadcasts.

Media Business

Daisuke Nakagawa

Board Director

(Unit President, Media Business Unit
Board Director, SKY Perfect JSAT
Corporation)

- Many years of experience and expertise in platform operations
- Long-term relationships with broadcasters and contents providers and collaboration models with partner companies
- Provision of one-stop services through the consolidation of broadcasting and streaming facilities
- Know-how regarding promotions, and diverse sales channels
- Utilization of our five-million-user customer base, data, and content

- The main target generation is also the largest demographic cohort
- Thriving live entertainment market
- Increased demand for FTTH (high-speed fiber-optic lines)
- Increased demand for multichannel services for cable TV companies
- Increased demand for video distribution in the corporate sector
- Expansion of the global IP business market for manga and anime, etc.
- Increased adoption of Web3, etc.

S
(Strengths)

W
(Weaknesses)

- Heavy reliance on broadcast services
- Need to prepare viewing environments for satellite broadcasts/FTTH
- Difference in scale compared to global players, both in differentiated content and number of countries in which we operate
- Difficulty of understanding services for each transmission line

O
(Opportunities)

T
(Threats)

- Intensifying competition for customers and content with OTT service providers
- Diversification of free streaming content
- Popularization of terrestrial IP (simultaneous) redistribution
- Decreasing populations and reduced interest in television
- Unauthorized viewing
- Changes in consumer trends due to inflation

| Materiality Themes | Materialities |
|--|--|
| Building resilient broadcasting and communications infrastructure, eliminating the digital divide | Provision of broadcasting and communications infrastructure to all areas and environments Supporting BCP and relief recovery through the provision of disaster-resilient broadcasting and communications infrastructure |
| Enriching life through a diversity of content | Providing diverse content via broadcasting, distribution, and various customer touchpoints Promotion of content distribution by supporting entry of diverse content holders |
| Promoting innovation which contributes to the environment and society | Creating new value through upgrades in broadcasting and communication, technological development, and other initiatives |
| Development of local areas and communities | Education and coexistence with the community |

Improving the profitability of the Broadcasting Business and promoting business evolution through the Multi-Alliance Strategy

Business Climate

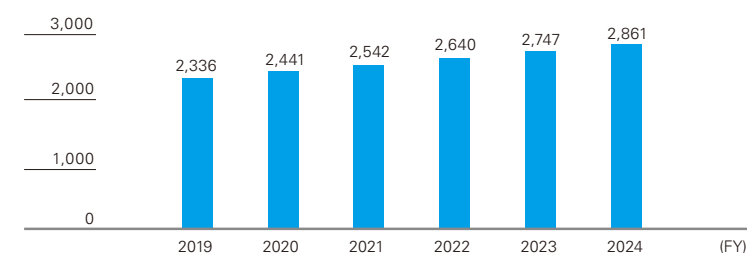
Competition for content and customer acquisition with domestic and international video distribution services has become extremely fierce. In addition, as the younger generations lose interest in television and media consumption diversifies, the business environment is such that a decline in subscribers to our broadcasting services is inevitable if we merely continue to implement conventional measures. On the other hand, the fiber-optic re-transmission service for terrestrial digital, BS digital, etc. using fiber-optic

networks, which are widely used as home internet services, fiber-optic re-transmission service and the content distribution business continue to be growth markets.

Furthermore, in the media and entertainment industry, the live entertainment market is booming following the end of the COVID-19 pandemic. Moreover, as Japan's anime industry gains prominence in the global market, the Anime Content IP Business is also expected to grow.

Fiber-optic re-transmission service Connected Households

(thousand households)



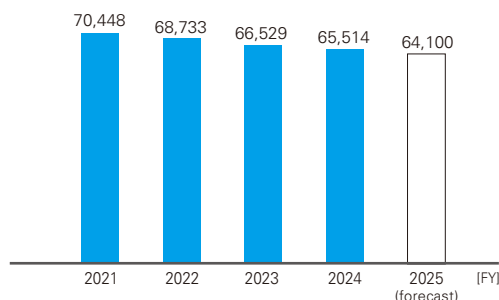
Review of Operations — Media Business —

POINT

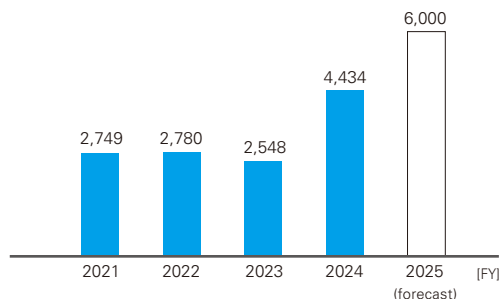
Key Financial Points

- **Increased revenue from the Fiber-optic Alliance Business mitigated the decrease in subscription fee revenue caused by the gradual decline in the cumulative number of subscribers to the SKY PerfectTV / service.**
- **Profit improved significantly due to the operational efficiency of broadcasting services resulting from reduced satellite line usages fees following the termination of 4K broadcasting and digitalization.**

Operating revenue* (Millions of yen)



Segment Profit* (Millions of yen)
(Profit Attributable to Owners of Parent)



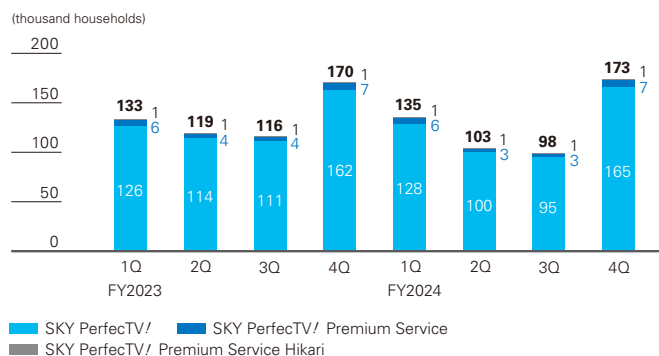
* Includes intersegment transactions

Review of FY2024

In FY 2024, revenue for the Media Business decreased by ¥1.0 billion year-on-year to ¥65.5 billion. Amid fierce competition with video distribution services, the cumulative number of SKY PerfectTV / service subscribers saw a net decrease of 138,000 from the previous fiscal year to 2.6 million, resulting in a ¥2.3 billion decrease in revenue from viewing fees and other sources. On the other hand, revenue from businesses other than broadcasting expanded, as the number of households connected to the fiber-optic re-transmission service increased by 110,000 to 2.86 million, and due to contributions from the IP business by SKY Perfect Pictures Inc. and live talk events.

On the cost side, operating profit increased by ¥1.9 billion to ¥6.3 billion due to both a ¥2.7 billion decrease in satellite connection fees following the termination of 4K broadcasting and a ¥1.3 billion reduction in depreciation expenses for broadcasting facilities. In this context, to improve the profitability of our broadcasting services by achieving operational efficiency in the BPO* field and to expand our external sales business, we sold a 51% stake in SKY Perfect Customer-relations Corporation to BELLSYSTEM24, Inc., making it a joint venture. Due to the recording of a gain on the sale of subsidiary shares and a decrease in extraordinary losses, segment profit (profit attributable to owners of the parent) increased by ¥1.9 billion

Number of New Subscribers (IC cards)



to ¥4.4 billion. In terms of profit, we significantly exceeded our initial forecast despite incurring development costs by investing in new services such as connected TV and Web3.

* Business Process Outsourcing

Operating Revenue for FY2025

For FY2025, we project Media Business revenue of ¥64.1 billion, a decrease of ¥1.4 billion year-on-year. This projection is based on the assumption of a cumulative total of 2.47 million subscribers to SKY PerfectTV / services, down 129,000 from the previous fiscal year. Meanwhile, the number of households served by the fiber-optic re-transmission service is expected to increase by 94,000 year-on-year, reaching 2.95 million. We will continue to focus on further expanding revenue from services other than SKY PerfectTV /, such as the Fiber-optic Alliance Business.

To further raise our profit level, we will continue to work on cost structure reforms, including the operating costs of the SKY PerfectTV / Tokyo Media Center. We aim for operating profit of ¥8.2 billion, an increase of ¥1.9 billion, and segment profit of ¥6.0 billion, an increase of ¥1.6 billion.

Key Performance Indicators

| | FY2023 | FY2024 | FY2025 (Plan) |
|---|--------|--------|---------------|
| Number of New Subscribers* (IC cards : thousands) | 539 | 509 | 489 |
| Net Increase in Subscribers (IC cards : thousands) | (135) | (138) | (129) |
| Number of Cumulative Subscribers (IC cards : thousands) | 2,740 | 2,602 | 2,473 |
| Average Monthly Contractor's Payment (JPY) | | | — |
| SKY PerfectTV / | 3,342 | 3,380 | — |
| SKY PerfectTV / Premium Service | 3,492 | 3,500 | — |
| SKY PerfectTV / Premium Service Hikari | 4,991 | 4,947 | — |
| Total Subscribers Acquisition Cost (SAC) (billions of yen) | 6.8 | 6.5 | — |
| Fiber-optic re-transmission service Connected Households (thousands households) | 2,747 | 2,861 | 2,955 |

Review of Operations — Media Business —

Medium- to Long-Term Business Strategy

Strengthening the Profitability of Existing Businesses

In the Broadcasting & Video Streaming Business, the number of subscribers to the SKY PerfectTV./Basic Plan, which allows viewing of 50 channels on up to three TVs for the price of one TV, reached 740,000 as of the end of March 2025. While maintaining our customer base through such popular products, we will strengthen profitability by optimizing advertising and promotional expenses.

In addition, we will evolve the SKY PerfectTV./Tokyo Media Center into a new source of revenue. We will expand our Media Solutions Business, which provides one-stop solutions for video-related challenges, to build a revenue base in the BtoB domain. Specifically, we will focus on acquiring orders for new services such as playout services for broadcasting content, the Media HUB Cloud video distribution support service, and our location filming service. Through these initiatives, sales for the Media Solutions Business services in FY2025 are projected to be 120% of the previous year.

In the Fiber-optic Alliance Business, we aim to reach 3.34 million connected households with our fiber-optic re-transmission service by FY2030. This service re-transmits terrestrial digital broadcasts, BS digital broadcasts, and more through our television reception facilities, in partnership with NTT East, Inc., NTT West, Inc. and other major telecommunication carriers. At the same time, we will promote new subscriptions to SKY PerfectTV./services and work to maintain our customer base. In addition to the BtoC model of the fiber-optic re-transmission service, we will focus on expanding the BtoBtoC model of our CATV Pass-through Service for CATV companies. In April 2025, we began providing services to OPTAGE Inc., a major power-utility-affiliated

Competitive Advantages

Fiber-optic re-transmission service <BtoC>

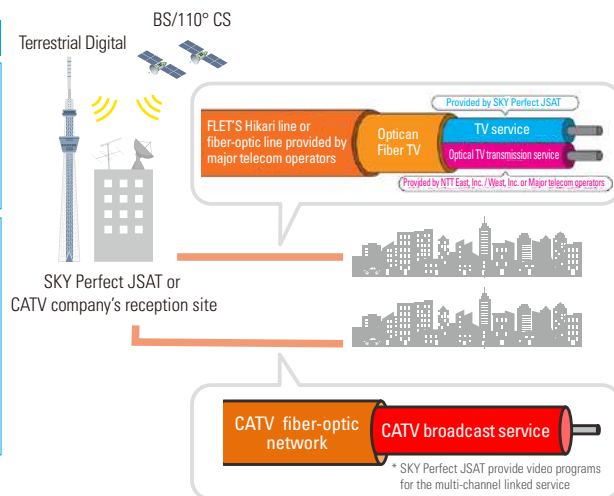
Strengthening the revenue base

- Collaboration with NTT East, Inc., NTT West, Inc. and other major telecommunication carriers

CATV Pass-through Service for CATV Companies <BtoBtoC>

Business Transformation

- Can provide video and viewing control management to CATV stations nationwide by utilizing satellites and the SKY PerfectTV./Tokyo Media Center
- Reduces CAPEX for CATV companies



telecommunication carrier, expanding the number of CATV stations that have adopted this service to 52 (as of the End of August 2025). We will enhance our ability to provide solutions to the challenges faced by CATV companies and anticipate adoption at 100 stations by FY2030 as we continue to pursue the expansion and evolution of the Fiber-optic Alliance Business.

Challenge into of New Business Fields

Japan's anime industry is experiencing rapid growth, with overseas sales now surpassing domestic sales.

In response to these changes in the market, SKY Perfect Pictures Inc. was established in April 2024 in partnership with ITOCHU Corporation, and achieved profitability in its first fiscal year.

The debut investment title, "Orb: On the Movements of the Earth," was broadcast on NHK and distributed both domestically and internationally via Netflix.

We are also promoting SKY Perfect Pictures' works and collaborative projects through FamilyMartVision, which is installed in FamilyMart convenience stores nationwide.

Going forward, efforts will continue in the planning, production investment, and sale of video content centered on anime, as well as related businesses, with a focus on the global expansion of the Anime content IP business.

TOPICS

"SKY PerfectTV./80 Years of Post-war Peace Education Workshop" Held

In July 2025, marking 80 years since the end of World War II, SKY Perfect JSAT Corporation held a workshop for students of Shibaura Institute of Technology Kashiwa Junior and Senior High School as part of its sustainability management efforts aimed at realizing a sustainable society.

In this workshop, students learned about the historical background, education, and ideologies of the time through the documentary program "War of Innocents" produced by THE HISTORY CHANNEL JAPAN as the source material. A group discussion, which included the program's producers, provided an opportunity for students to exchange opinions from various perspectives and think deeply about war and peace. Finally, the students wrote letters addressed to their future selves 20 years hence, on the 100th anniversary of the war's end, and sealed the letters in a time capsule.

We will continue to work to "enrich lives through diverse content" and make "social contributions, including next-generation education and coexistence with community" through programming, thereby supporting to the realization of a sustainable society.



Review of Operations — Media Business —



SKY PerfecTV! Tokyo Media Center Evolution into a Profit Center

Kazuo Kubota

President, Media Solution Business Group
Acting Unit President, Media Business Unit
Executive Officer, SKY Perfect JSAT Corporation

► About the Assets of the SKY PerfecTV! Tokyo Media Center

Since launching Japan's first satellite digital multichannel broadcasting service in 1996, SKY Perfect JSAT has been adapting to changes in technology and customer needs, steadily honing its technical capabilities and know-how as it approaches its 30th anniversary. The SKY PerfecTV! Tokyo Media Center (TMC), which was completed in 2008, has numerous assets, including studios with advanced filming equipment, editing facilities, and other program production functions; transmission capabilities for broadcasting and distributing numerous channels; and technical support from specialist personnel. TMC is responsible for the stable, 24/7/365 operation of SKY PerfecTV!, SKY PerfecTV! Program Streaming, and other broadcasting and distribution services for corporate clients.

► About the Media Solution Business

The Media Solution Business provides BtoB services that resolve challenges related to video services by leveraging our assets, such as our broadcasting and distribution transmission functions as well as our technical expertise cultivated over many years. We provide services and support tailored to the needs of various clients, including TV stations, content providers, and video distribution platforms. Examples of services are streaming video of sports and concerts both domestically and internationally. We propose end-to-end solutions that cover not only video aggregation and streaming but operational monitoring and customer support.

► Three Services Offered by the Media Solution Business

The first service is for satellite broadcasters. Our Playout Service, which transmits broadcasters' programs according to their schedule, supports program transmission for both SKY PerfecTV! broadcasting and internet distribution.

The second service is Media HUB. This service transmits video gathered at TMC from both Japan and overseas to distribution platforms, theaters, corporate locations, and other destinations. It has the flexibility to process and stream video not only on our own platform but on other companies' broadcasting and distribution platforms. At TMC, in addition to

video aggregation and streaming, we offer content production, processing (such as adding subtitles and secondary audio), and operational monitoring services.

The third service enables clients to utilize TMC's facilities and know-how. In addition to using our production studios, terrestrial broadcasters and distribution companies use TMC as a filming location for their original programming, including movies, commercials, and television dramas. In addition, the integrated master control service, which centralizes and provides master control facilities and operational monitoring for terrestrial television/radio, is an area where we can leverage our expertise, and we are now conducting demonstration experiments and making other preparations for the future.

► The Evolving Media HUB

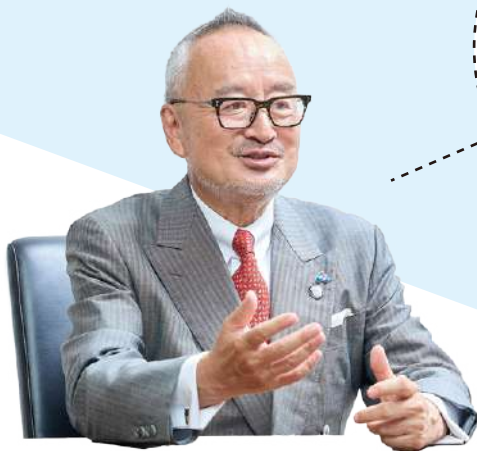
The following example illustrates Media HUB's further development. In Spring 2025, we signed a formal agreement with South Korea's CJ OliveNetworks regarding video transmission between Japan and South Korea. This agreement involves directly connecting the Sangam Media Center in Seoul, South Korea with TMC via a dedicated IP line to provide one-stop services covering everything from material transmission from Korean event venues, Japanese subtitle production, and video processing through to distribution. We will steadily capture the growing international transmission demand for Japan-Korea live viewing events and programs for OTT platforms, and work to promote Media HUB's use as new distribution infrastructure for Japanese and Korean entertainment.

By promoting the use of TMC's technical capabilities, know-how, and assets, we will transform it into a profit center, thereby improving capital efficiency and profitability. As an entertainment platform that connects people, companies, and society, we will expand fan experiences by combining broadcasting, distribution, and real and virtual spaces, helping to realize a diverse, creative society.

Media HUB Transmission Examples



4 HOW WE ENHANCE MANAGEMENT BASE



We pursue
sustainable growth
through enhanced
sustainability
management and
governance.



43 Promotion of Sustainability
Management

52 Strengthening Corporate Governance



Promotion of Sustainability Management

| | |
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| 44 | Sustainability Management |
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| 50 | Initiatives for Society |



Glossary for Understanding
Our Company

<https://en.skyperfectjsat.space/ir/glossary>

Sustainability Management

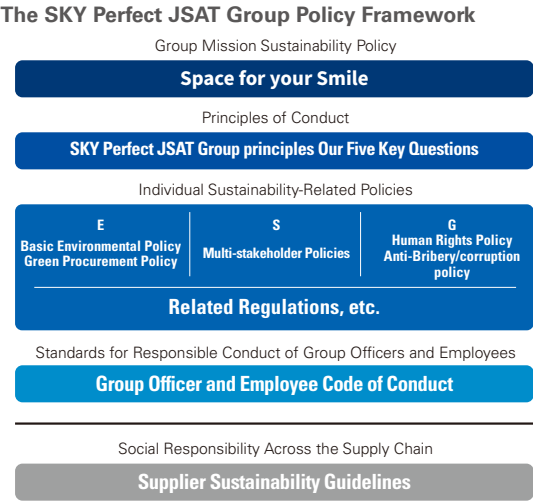
Basic Approach

The SKY Perfect JSAT Group upholds its Group mission, “Space for your Smile,” as its sustainability policy for advancing activities toward a sustainable society, and promotes sustainability management with the dual goals of solving social issues and enhancing corporate value. We believe that for all spaces to be filled with smiles, it is essential that the Earth, society, and outer space—realms where every individual is involved—become a better world. Through our business activities, we are addressing nine materiality themes that align with SDGs and ESG. We act appropriately by giving full consideration to the impact of our business activities not only on our company but also on our supply chain and stakeholders, including in areas such as climate change, environmental issues, and respect for human rights, while also striving to build trust as a company that continues to be chosen through dialogue.

Under the nine materiality themes, we have identified material issues that more concretely express our vision for 2030 and our mission. These serve as a common cornerstone for The SKY Perfect JSAT Group in value creation through business promotion. To achieve our materiality targets, we formulate an annual activity plan and implement the PDCA cycle. At mid-term and year-end, the entire Group reviews its performance. By incorporating third-party perspectives, referencing case studies from other companies in our industry and external evaluations, we strive to enhance the effectiveness of our initiatives.

Policy Framework

Under “Space for your Smile,” we have established various other policies. We have established the Basic Environmental Policy, Human Rights Policy, and Anti-Bribery / Corruption Policy to demonstrate our commitment to realizing a sustainable society. To meet stakeholder expectations and fulfill our corporate social responsibilities, we have established the Group Code of Conduct for Executives and Employees and ensure its principles are thoroughly communicated and enforced throughout the company based on our compliance programs.

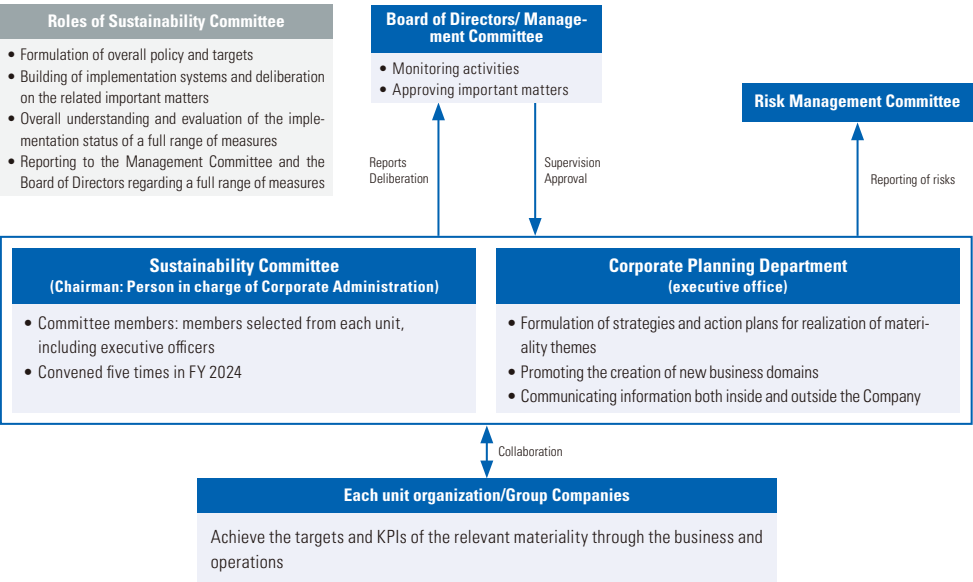


Governance Structure

The SKY Perfect JSAT Group has established a governance structure for sustainability centered on the Sustainability Committee. The Sustainability Committee formulates overall policies and targets related to sustainability, assesses and evaluates the implementation status of various measures, and regularly reports to the Management Committee and the Board of Directors. A system is in place whereby the Board of Directors receives reports from the Sustainability Committee and provides appropriate supervision. Important matters, such as the formulation of overall policies and targets, are deliberated by the Sustainability Committee and referred to the Board of Directors, where they are resolved after discussion by the Directors.

Regarding sustainability risks and opportunities, relevant organizations, led by the Corporate Planning Department, which is responsible for formulating strategies and action plans to achieve materiality, collaborate to perform their respective identifications and evaluations, and to consider and implement measures. The Sustainability Committee is responsible for implementing materiality initiatives related to the environment (including climate change) and human rights, and works on sustainability governance in collaboration with various divisional organizations and Group companies. In addition, the Risk Management Committee (in principle, semi-annually) identifies, assesses, and appropriately manages the various risks surrounding the business, striving to prevent and reduce them.

Governance Structure



Sustainability Management

Activities in FY 2024

We were largely able to achieve our materiality targets for FY 2024.

We positioned the Environment, Human Capital, Human Rights, and Suppliers as focus areas and concentrated our efforts on achieving our materiality goals. In the environmental sphere, in addition to switching one of our sites to virtually 100% renewable energy, we quantified environmental value (opportunities) in line with the review of our disclosures based on TCFD (Task Force on Climate-related Financial Disclosures) recommendations. We also began an assessment based on the TNFD (Taskforce on Nature-related Financial Disclosures).

In human capital, we are working to visualize our human capital based on our management strategy and to organize KPIs that will inform future policies. We also promoted Health Management, were officially certified as an Outstanding Organization of KENKO Investment for Health in FY2024, following enhanced efforts such as the revision of the Group's Health Management Policy.

Regarding human rights, we conducted a due diligence questionnaire and interviews with program production companies. In collaboration with the Internal Control Promotion Division, we also conducted training to raise awareness of human rights (with a 100% Attendance rate). Additionally, we revised the Group Human Rights Policy.

For suppliers, we conducted a procurement survey for key suppliers based on our Supplier Sustainability Guidelines.

These initiatives have been recognized externally. In FY 2024, we were selected for the first time for the FTSE Blossom Japan Index, and for the second consecutive year for the FTSE Blossom Japan Sector Relative Index. We also received an "AA" rating in the MSCI ESG Ratings. Furthermore, we were awarded a "B" score from CDP, an international non-profit organization in the environmental field.

Activity Plan for FY 2025

In FY2025, we intend to continue steadily executing our plans for each organization to achieve our materiality goals and KPIs. Led by the Sustainability Committee and the Corporate Planning Department, we will monitor social conditions and enhance our internal systems to improve the effectiveness of our sustainability management. The activity plan for FY 2025 is as follows.

| E | S | G |
|--|---|---|
| Activity Plan for FY 2025 | | |
| Themes | Activity Plan | |
| 1. | Steady progress of the execution cycle for the achievement of each materiality, the targets, and KPIs | |
| Overall Materiality | <ul style="list-style-type: none">Review of materiality themes and materialities with a view to creating social value and long-term growthSteady achievement of FY 2025 targets | |
| Implementation based on various policies | | |
| (1) Environment | <ul style="list-style-type: none">Measures towards achieving carbon neutrality by the end of FY2025Consideration of reduction targets for total Scope 1-3 emissions | |
| (2) Human Capital | <ul style="list-style-type: none">Visualization of human capital based on the management strategyPromotion and implementation of health and productivity management measures | |
| (3) Respect for Human Rights | <ul style="list-style-type: none">Continued implementation of human rights due diligenceImplementation of training to raise awareness | |
| 2. | Strengthening of external and internal communication | |
| (1) For the Market | <ul style="list-style-type: none">Enhancing the quality of information disclosure through the Annual Securities Report, Integrated Report, and other materialsInitiatives to maintain and improve external evaluations | |
| (2) For Society, the Next Generation, Shareholders, etc. | <ul style="list-style-type: none">Enhancing the contents of the Sustainability page of the websiteParticipation in external events, trade shows, etc.Implementing measures for the next generations | |
| (3) For Employees | <ul style="list-style-type: none">Regular information dissemination using internal newsletters, etc.Continuing and promoting measures to share sustainability initiatives internally | |

Initiatives for the Environment

| Materiality Themes | Materialities |
|--|---|
| Contributing to the environment to realize a decarbonized society and circular economy | Response to climate change, including CO ₂ reduction in the Group's businesses |
| | Support for CO ₂ reduction using satellites |
| | Promotion of proper disposal, reuse, and recycling of waste |
| Improving the Space environment | Initiatives to remove space debris |

Achieving Carbon Neutrality in 2025

The SKY Perfect JSAT Group has identified “Contributing to the environment to realize a decarbonized society and circular economy” as one of its key materiality themes. We have set a goal to achieve carbon neutrality by reducing our greenhouse gas (GHG) emissions*1 from Scope 1 and Scope 2 sources to virtually zero during FY2025.

The transition to electricity derived from renewable energy sources at the Group’s facilities is progressing smoothly, with one additional site making the switch in FY2024. As of the end of FY2024, the Group’s overall renewable energy use ratio reached 99.8%. In FY2025, the Group aims to achieve carbon neutrality for the entire Group by further promoting renewable energy and utilizing carbon credits.

Furthermore, with the goal of achieving net-zero GHG emissions across our entire supply chain by 2050, The SKY Perfect JSAT Group calculated its Scope 3 emissions in FY2024.

In FY2025, we will compute the Scope 3 emissions for our Group companies and consider initiatives to reduce emissions throughout the supply chain.

We will continue to advance our efforts to contribute to the environment and realize a decarbonized, circular economy.

*1 Covers Scope 1 (direct emissions from owned sources) and Scope 2 (indirect emissions from the generation of purchased energy).

Reduction of Waste Emissions

The SKY Perfect JSAT Group is committed to environmental conservation under the long-term materiality goal of “reducing waste through appropriate disposal, reuse, and recycling.” We strive to promote resource circulation by sorting and processing waste according to its type, utilizing reusable materials, and increasing our recycling rate.

| | |
|--|--------|
| Total waste generated in FY2024 | |
| | (t) |
| Total amount of industrial waste, etc. | 55.10 |
| Total amount of general waste, etc. | 55.72 |
| Total emissions | 110.82 |

► Click here for more details about TCFD and TNFD
<https://en.skyperfectjsat.space/sustainability/esg/environment/>

Response to TCFD and TNFD Recommendations

In line with the recommendations of the TCFD, the SKY Perfect JSAT Group discloses information on the financial impact of risks and opportunities posed by climate change and reflects these findings in our management strategies. Recognizing the profound impact that a 4°C rise in global average temperature would have on society and our business, we have been identifying climate-related risks and opportunities, determining their timelines, and assessing their financial impact since FY2021. This process is based on the climate change scenario analysis recommended by the TCFD, with the aim of strengthening our contribution to the below 1.5/2°C target. We select and implement priority items.

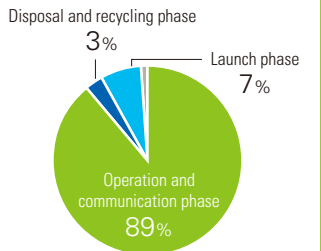
Additionally, we recognize the importance of biodiversity conservation. Based on the LEAP approach*2 recommended by the TNFD, we are identifying and organizing our business activities’ nature-related dependencies, impacts, risks, and opportunities, and formulating corresponding strategies. The details of our response to the TCFD and TNFD are available on our sustainability website.

*2 The LEAP approach is a method for prioritizing impacts and measures related to natural capital by focusing on location. It involves four phases: locate the interface with nature; evaluate dependencies and impacts; assess risks and opportunities; and prepare to respond to nature-related risks and opportunities and report to investors.

TOPICS

Visualizing CO₂ emissions from satellite communications: Emissions less than one-fifth of those from terrestrial communications

In FY2023, SKY Perfect JSAT Corporation computed the carbon footprint of our entire satellite communications services and published the results on our sustainability website in FY2024. Throughout the entire life cycle—from the manufacturing of satellites, rockets, and antennas to their launch, operation, communication, and disposal or recycling—the total CO₂ emissions were 17.2 kg. Approximately 89% of these emissions came from the power consumption of the communication services used by our customers, followed by the fuel combustion during rocket launches. The emissions from the fuel of a single rocket launch account for approximately 7% of total CO₂ emissions and are roughly equivalent to the CO₂ emitted by a single flight from Tokyo to New York.



Furthermore, according to SKY Perfect JSAT Corporation’s own research*, the CO₂ emissions from satellite communications were less than one-fifth of those from terrestrial communication systems. This confirmed that our satellite communications services are a low-environmental-impact communication method, thanks to its low-emission and efficient point-to-point communication and the adoption of virtually 100% renewable energy at our satellite control centers.

* The calculation was based on “Impact of Progress of Information Society on Energy Consumption (Vol. 3),” published by the Japan Science and Technology Agency (JST).

Initiatives for Human Resources

| Materiality Themes | Materiality |
|---|---|
| Active participation of diverse human resources | Acquiring and training personnel capable of responding to environmental changes and promoting transformation |
| | Creating a comfortable and safe organization that empowers employees by advancing Diversity, Equity, and Inclusion (DE&I) |
| | Promoting Health Management |

Approach to Human Capital

The SKY Perfect JSAT Group recognizes human capital as an essential part of achieving sustainable growth for society and companies. This is the reason that the Group calls human resources “human assets.” To set up the environment where all employees can fully utilize their abilities, we have designated “Active participation of diverse human resources” as one of our materiality themes, and we established the following elements of our materiality: “Acquiring and training personnel capable of responding to environmental changes and promoting transformation,” “Creating a comfortable and safe organization that empowers employees by advancing Diversity, Equity, and Inclusion (DE&I),” and “Promoting Health Management.” The Group formulates and executes long-term and short-term plans and measures to achieve these goals.

Furthermore, to realize our management strategies of “improving profitability in existing businesses” and “exploring new business domains,” we view “strengthening human capital” and “enhancing our management base” as indispensable foundations for increasing corporate value. To succeed in “strengthening human capital,” the Group is intensifying its efforts based on two pillars: “Human Assets Strategy” to recruit and develop the desired talent and actively invest human capital in key focus areas of each business, and initiatives for “Strengthening Engagement” to enable personnel to perform at their best.

Human Assets Strategy

Our Group’s human assets strategy defines the desired talent profile as individuals who can adapt to environmental changes and serve as the driving force for transformation, growth, and improvement. The Group recruits and support the growth of employees under our policy for the development of human assets: “unlocking and maximizing each employee’s capabilities to contribute to the business.” We also maximize individual performance and enhance productivity through proactive placement in key focus areas and the early promotion of high performers.

As part of this, we revised our HR system in 2023 to enable the Company to assign jobs beyond the boundaries of different organizations and ranks in a job-based fashion, as well as to more flexibly allocate human assets by separating their roles from their ranks. In FY2024, the Company made progress with the visualization of tasks and skills. Going forward, we plan to leverage this for autonomous skill enhancement and optimal talent placement. Additionally, we promoted autonomous career development through initiatives such as career seminars, expanded cafeteria-style training programs, and voluntary assessments. As a result of these efforts, the number of female candidates for management positions is steadily increasing.

Acquiring and training personnel capable of responding to environmental changes and promoting transformation

SKY Perfect JSAT Corporation focuses on recruiting and developing human assets capable of adapting to environmental changes and driving transformation, as well as on selecting and allocating of assets to maximize the performance of both individuals and the organization.

In our recruiting efforts, we expanded our new graduate hiring routes for individual job types as well as for technical college students, while introducing direct recruitment for mid-career hires. In FY2025, we will introduce workshops and new methods for mid-career hiring, which include the hiring of new graduates with previous work experience and referral recruitment. In terms of developing human assets, we doubled the maximum company allowances amount per person for education, training, and accreditation. We also implemented leadership development programs for young and mid-career employees and organizational transformation programs for management.

With respect to assets selection, we are accelerating the development of management candidates using talent assessments, linking this to intrinsic motivation through voluntary participation in external assessments. In FY2025, we plan to implement leadership training and coaching. With respect to allocating assets, we are constructing a talent portfolio aligned with our business strategy.

COLUMN

Developing Transformational Leaders

To develop assets who will lead Group’s future, SKY Perfect JSAT Corporation introduced the “Next-Generation Management Development Program,” a selective leadership training program started from FY2025. This program aims to develop individuals who can grasp the company’s current state and future business strategies from the perspective of management, possess unwavering convictions and an overwhelming sense of ownership, and act as reform leaders. Participants gain multiple perspectives through introspection, dialogue, and practical application, and they experience the process of designing and implementing concrete actions based on their own future vision. The final presentation session in this program involves action learning, including group presentations addressing executive-level questions and individual inaugural speeches as President. The Company will continue to support the growth of these employees into strong leaders equipped with transformative capabilities.



Isamu Kobayashi
General Manager
Human Resources & General
Affairs Division
Corporate Administration Unit
SKY Perfect JSAT Corporation

Initiatives for Human Resources

Strengthening Engagement

Creation of a safe and secure organization

To strengthen engagement, we are aiming to revitalize the organization by creating a safe and secure workplace where employees secured and developed through our Human Resources Strategy can perform at their best. We believe a safe and secure organization requires an environment with a high level of psychological safety, where individuals respect one another and support each other's contributions. As such, we are raising awareness about the importance of psychological safety through compliance training and other initiatives. We are also working to invigorate communication by building trust through one-on-one meetings between managers and subordinates, and by implementing improvement activities for individual organizational units based on the results of organizational diagnoses.

Promoting Health Management

The Group revised its Health Management Policy in FY2024, reaffirming its commitment to actively engage in health management and support the health promotion of each and every officer and employee.

As part of our Health Management initiatives, we have established a labor safety management system. Working in collaboration with occupational physicians and public health nurses, we promote health maintenance activities such as implementing stress checks and measures to improve health literacy. We strive to maintain and improve employees' mental and physical health while fostering a workplace environment that supports hybrid work styles, including a full flextime system and a telework system. Furthermore, we are conducting annual stress checks for all employees, implement training on proper work practices and attendance management, and execute improvement measures based on actual working conditions and an analysis of attendance.

In FY2024, we were recognized as a 2025 Outstanding Organization of KENKO Investment for Health (large enterprise category). We will continue to advance health management further so that each and every officer and employee can work healthily and energetically.

<SKY Perfect JSAT Health Management Policy>

The SKY Perfect JSAT Group, as a company that brings smiles to all "spaces" and people on the earth, space, and future society, places great importance on working with a smile and being healthy both physically and mentally.

To this end, we will actively engage in health management and support the health promotion of each and every officer and employee.

Representative Director, President



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Achieving DE&I that encourages diverse personnel to play an active role

SKY Perfect JSAT Corporation strives to create a diverse work environment through measures such as improving internal conditions to enable diverse working styles accessible to all, promoting the active participation of female and senior employees, and expanding mid-career recruitment. We aim for a workplace where each employee's abilities are fairly evaluated and treated, regardless of external differences such as nationality or internal differences such as values.

To promote women's advancement and support the development of the next generation, we actively support balancing caregiving and childcare with work based on our General Business Operator Action Plan. As part of our support for balancing childcare and work, we strive to maintain "Kurumin" certification as a company that supports child-rearing activities, as well as dedicating efforts toward providing information about related internal systems and toward holding seminars. We also provide various types of information to support employees in balancing work and elderly care, and we are working to foster a culture of understanding and empathy towards elderly care responsibilities. Furthermore, amid our efforts to revitalize rural areas and expand employment for people with disabilities, we are working to create jobs at the "Cordiale Kumamoto Farm."

VOICE



Satoko Nagata

Assistant Manager
Engagement Promotion Team
Human Resources & General
Affairs Division
Corporate Administration Unit
SKY Perfect JSAT Corporation

Support for balancing elderly care and work

While there has been an increase in the use of childcare leave following revisions to the Child Care and Family Care Leave Law, there has been a challenge regarding the scarcity of internal consultations regarding elderly care and the resulting lack of visibility into actual circumstances. An internal survey revealed that employees balancing elderly care and work harbor anxieties about their future. Listening to these concerns, we are advancing measures to support employees' active participation and career continuity. To date, we have implemented various initiatives, such as organizing seminars about public support information and internal company systems, establishing a caregiving consultation desk, and holding roundtable discussions with people who have experience in elderly care.

► Click here for our initiatives for society and human resources
<https://en.skyperfectjsat.space/sustainability/esg/social/>

Initiatives for Human Resources

Employee Interviews

SKY Perfect JSAT Corporation is committed to recruiting and developing talent who will drive corporate reform as part of its Human Assets Strategy. We interviewed recruitment managers and employees hired through both new graduate and mid-career recruitment programs to understand the type of talent we seek and the nature of our recruitment activities.

Q. Please tell us about the kind of candidates you are seeking.

Wakai | One key phrase that defines an ideal candidate is “reform initiator.” We seek colleagues who spark corporate transformation. We especially expect new graduates to break free from conventional wisdom and generate fresh proposals and actions with their innovative sensibilities. Specifically, we require four qualities: a spirit of challenge to actively pursue the unknown; a collaborative mindset to create value by working with diverse partners inside and outside SKY Perfect JSAT; logical thinking skills; and toughness to tackle difficult situations with a positive attitude. For mid-career hires, we prioritize the ability to leverage experience, expertise, and skills to drive actual reform.



Misako Wakai

Human Resources Development Team Leader
Human Resources & General Affairs Division
Corporate Administration Unit
Joined the Company in 2006

Q. Are there any distinctive features in your recruitment policies or methods?

Wakai | SKY Perfect JSAT values a relationship where both parties choose each other. In particular, when hiring new graduates who may find it difficult to visualize job responsibilities, we go beyond conventional company information briefing sessions, such as by holding pre-selection roundtable discussions and workshops to enhance understanding of the work and our business. Within this process, we increase opportunities to meet employees and create many opportunities for deepening mutual understanding. Furthermore, since the nature of work differs significantly between our Space Business and Media Business, we

notify candidates of their assigned department upon receiving a job offer to prevent a clash with expectations after employment. We also implement focused recruitment (by job type) in some cases. For mid-career hires, we utilize introductions through agents, as well as direct recruiting and referral hiring, while also posting openings on our website. When recruiting, we provide detailed job descriptions to help candidates assess whether they can leverage their experience at SKY Perfect JSAT. For interested candidates, we offer opportunities for employee interviews and workplace tours before the selection process to promote mutual understanding.

Q. What factors influenced your decision to join SKY Perfect JSAT?

Nagata | Participating in the three-day workshop and experiencing new business planning made me strongly feel that SKY Perfect JSAT has a corporate culture that constantly seeks new challenges. Furthermore, the opportunities to speak directly with various employees allowed me to envision a workplace environment where I could work in a way that is true to myself. Since I was drawn to work that explores unknown areas, I believe a mutually beneficial relationship was established.

Takakusaki | In my previous position, I handled legal affairs for five years at a IT company. However, I felt I had accomplished everything possible in that fast-paced environment and was considering my next step when an agent introduced me to SKY Perfect JSAT. During the career recruitment process, I strongly sensed the SKY Perfect JSAT's desire for candidates to make an informed choice. This was evident in the introductory materials sent to me before the interviews, and the interview time being roughly double that of other companies, allowing ample time for questions. I also felt that SKY Perfect JSAT valued not only my legal experience but also my prior experience in business efficiency improvements and digital transformation at the management level. I was convinced that this was an environment where I could leverage my legal experience while pursuing career advancement, so I decided to join.



Maika Takakusaki

Legal Team
Legal Compliance Division
Corporate Administration Unit
Joined the Company in 2025

Q. Tell us about your current challenges and future aspirations.

Nagata | I am currently participating in a cross-division project that collaborates with space-related startups and companies from other industries to plan and realize innovative business. I was entrusted with significant responsibilities from an early stage, which I find extremely rewarding. At the same time, I deeply understand the importance of serving as a “reform

initiator,” and that we cannot drive corporate growth by simply following established methods. We must take on new challenges with a sense of crisis. Looking ahead, I aspire to become a professional who can create new value across diverse fields, transcending the boundaries between the Space and Media Businesses.

Takakusaki | Within about two weeks of joining the Company, I was put in charge of specific duties. I feel this is an environment where I can grow far more than I had imagined. SKY Perfect JSAT engages in diverse business operations, and I view this as an environment that demands taking on various challenges. Therefore, moving forward, I aim to maintain my core expertise as a legal specialist while also honing my skills as a generalist.

Wakai | I oversee recruitment, and I believe we are successfully recruiting individuals who fit our desired candidate profile. However, one issue is that our company name is not readily associated with space-related business. This leads to lack of recognition, particularly among new graduates. As a space business company, we need more people to understand that we are a company engaged in space-related business. Furthermore, we aim to actively promote diversity. To initiate reform, we need talent with diverse backgrounds and experiences, and who are not bound by conventional wisdom. We actively recruit from different industries, including mid-career hires. As Nagata mentioned in relation to having a “sense of crisis,” we are in a situation where we must take on new challenges, rather than just relying on existing businesses. As an employee in charge of recruitment, I intend to continue striving to welcome colleagues who will help activate reform.



Shogo Nagata

Second Team
Government and Public Sector Division
Space Solutions Business Group
Space Business Unit
Joined the Company in 2024

Initiatives for Society

| Materiality Themes | Materiality |
|---|---|
| Development of local areas and communities | Social contribution, such as next-generation education and development of local communities |

Participation in the Science Koshien Tournament as a Collaborative Partner Company

The Science Koshien Tournament has been held annually since FY2011 by the Japan Science and Technology Agency (JST) with the aim of “expanding the base of science enthusiasts and nurturing top talent.” The tournament comprises a High School division and a Junior High School division. SKY Perfect JSAT Corporation has been supporting this event as a collaborative partner company since FY2018. At the 12th Junior High School Koshien Tournament in FY2024, before the overall rankings were announced, the “Special Corporate Awards” sponsored by partner companies were presented. The SKY Perfect JSAT Award was given as the Craft Design Award to the team that developed an outstanding design in the practical competition. After the award ceremony, we hosted a lecture and quiz competition on satellites at our booth, which was attended by approximately 120 students and teachers in total.



Facility Tour for Junior High and High School Students

We hold facility tours to educate junior high and high school students about careers in space and entertainment, and to help them envision their future and choose their paths. In FY2024, 93 students from seven schools participated in tours.

At the SKY PerfectTV / Tokyo Media Center, the students toured the broadcasting facilities and program production studios used for the SKY PerfectTV / service and participated in a hands-on camera operation session. At the Yokohama Satellite Control Center, we offer facility tours that include satellite circuit monitoring, the operations room, antennas, and the satellite control room. These tours aim to raise students' interest in the satellite communications and space business, and we hope this experience will help students in making informed career choices for their future.



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Supporting a Demonstration of Online Remote Medical Care Using Energy Self-sufficient Containers Via Satellite Communications

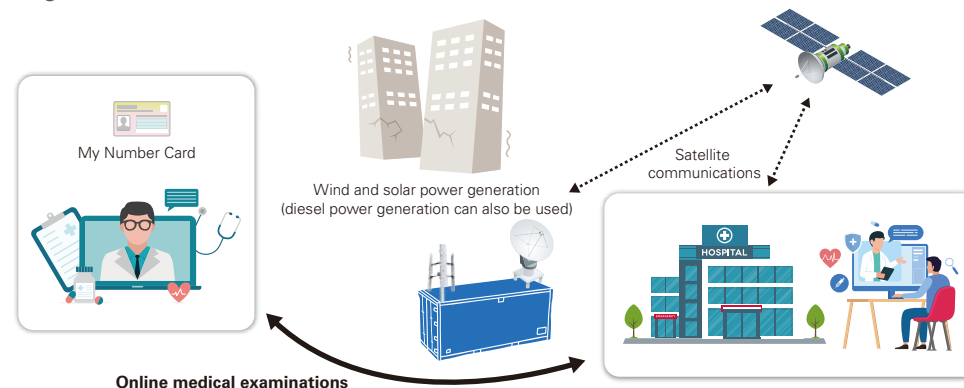
In September 2024, SKY Perfect JSAT Corporation collaborated with universities and companies in a demonstration drill conducted in Tateyama City, Chiba Prefecture, to support medical activities using satellite communications. The drill featured off-grid (self-powered) medical containers equipped with satellite communication functions such as ExBird*. This demonstration drill was conducted as part of the Medical Response Drill for Large Earthquake organized by the Cabinet Office, and was based on a scenario assuming power outages and terrestrial network disruptions caused by a major earthquake directly beneath the Tokyo metropolitan area.

During the Noto Peninsula Earthquake in 2024, widespread power outages and terrestrial communications disruptions occurred due to collapsed utility poles and severed optical fiber cables. In this drill simulating a major earthquake directly beneath the Tokyo metropolitan area, an off-grid medical container and a medical trailer house equipped with satellite communication functions were installed at the roadside station in Tateyama City to verify their effectiveness. The container is intended to enhance services at the roadside station during normal times by serving as a workstation office that enables online meetings. The trailer house is envisioned for use in mobile medical services in depopulated areas. Both are expected to function as bases for initial medical response in the event of a disaster.

Since 2015, SKY Perfect JSAT has participated annually in drills associated with the Medical Response Drill for Large Earthquakes, providing satellite communications services and networks, such as ExBird, which are utilized by Disaster Medical Assistance Teams (DMATs) in the drill. In this year's drill, students from the Chiba Training Association for Emergency Treatment joined the DMATs to verify the practical utility of off-grid medical care containers equipped with satellite communication functions in medical settings. Meanwhile, in the areas affected by the Noto Peninsula Earthquake, SKY Perfect JSAT provided access to our satellite communication lines for the recovery of various communications networks, including the mobile phone network. In this way, SKY Perfect JSAT is committed to providing swift access to communication lines in disaster situations by leveraging the unique features of satellite communications.

*ExBird service: A communication network service that leverages the features of satellite communications, namely, disaster resistance and wide coverage. Enables easy and swift deployment of satellite communications.

Usage scenario in a disaster situation



Initiatives for Society

“Crayons of the Seas” Shared with the World at the UN Ocean Conference — An Initiative of the SATELLITE CRAYON PROJECT

The SATELLITE CRAYON PROJECT is an initiative that aims to spark interest in the Earth through the “Colors of Earth” extracted from satellite imagery. At the request of the UNESCO Intergovernmental Oceanographic Commission (UNESCO-IOC), “Crayons of the Seas,” the first products created by the project, were officially exhibited at the third UN Ocean Conference held in Nice, France in June 2025. The Crayons of the Seas were displayed in a pavilion jointly hosted by the Prada Group and UNESCO-IOC as an educational tool symbolizing the project’s mission. In addition, we provided 100 sets of Crayons of the Seas for a participatory ocean art workshop for children conducted in the pavilion, thereby supporting educational activities to deepen understanding of the sea. Employees of SKY Perfect JSAT Corporation also conducted a special workshop using Crayons of the Seas for educators from various countries at a conference held in the same pavilion.

This initiative was highly praised as an educational activity that fosters interest in the global environment while utilizing space technology, with UNESCO and educators from various countries expressing a desire to spread the initiative in their own countries. Our activities were also featured in a Prada Group press release, leading to increased international recognition.

As an activity born from SKY Perfect JSAT Corporation’s Space Business, the SATELLITE CRAYON PROJECT offers a unique perspective of stimulating interest in the environment through the colors of Earth as seen from space. We will continue to help create social value while deepening international collaboration.

► Click here for more details. (Japanese Language Only)
<https://www.skyperfectjsat.space/jp/news/250814Crayon>



Conduct workshops for educators from various countries



The “Crayons of the Seas” drawing booth, which bustled with activity every day

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Initiatives for Next-generation Education and Community Coexistence

The “2025 Fukuoka SoftBank HAWKS Hawks Cup supported by SMBC,” a tournament in which six junior high school hardball baseball clubs from the Kyushu, Okinawa, and Yamaguchi regions play across league boundaries to determine the best club in the region, marked its 20th anniversary. With the aims of promoting the healthy development of youth and of further advancing junior high school baseball, SKY Perfect JSAT Corporation livestreamed the final match, awards ceremony, and closing ceremony free of charge on SKY PerfectTV! Program Streaming and the Professional Baseball Set app. The events were also broadcast free of charge at a later date on Sports Live Plus, a sports specialty channel operated by SKY Perfect JSAT Corporation.



Additionally, to promote girls’ baseball and skill exchange, SKY Perfect JSAT Corporation livestreamed the first match of the All Hiroshima Girls team, who participated in the “All-Japan Junior High School Girls’ Rubber Baseball Tournament,” free of charge on the SKY PerfectTV! Carp Channel (YouTube).

These initiatives are part of our efforts to support the next generation through baseball and to invigorate the regional sports culture, as part of our materiality theme of “education and coexistence with the community.” The Group will continue to plan and promote social contribution activities for local communities and the next generation by leveraging our assets.



◀ YouTube
 SKY PerfectTV! Carp Channel (Japanese Language Only)
<https://www.youtube.com/@sptvcarp/streams>



Strengthening Corporate Governance

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Glossary for Understanding
Our Company

<https://en.skyperfectjsat.space/ir/glossary>

Board of Directors



The Skills matrix of Board Directors and Corporate Auditors

| No. | Name | Title | Independent | Nomination & Remuneration Committee | Corporate management | Governance | Finance | Marketing Global | Innovation Technology |
|-----|-------------------|------------------------------------|-------------|-------------------------------------|----------------------|------------|---------|------------------|-----------------------|
| 1 | Toru Fukuoka | Representative Director, Chairman | | | ● | ● | | ● | |
| 2 | Eiichi Yonekura | Representative Director, President | | ● | ● | ● | ● | ● | |
| 3 | Daisuke Nakagawa | Board Director | | | ● | ● | | ● | |
| 4 | Teruo Yamashita | Board Director | | | ● | ● | | ● | |
| 5 | Kimiko Ohga | Board Director (part time) | ● | ● (chairperson) | ● | ● | | ● | |
| 6 | Hiroyuki Oho | Board Director (part time) | | ● | ● | ● | | ● | ● |
| 7 | Setsuko Aoki | Board Director (part time) | ● | ● | | ● | | ● | ● |
| 8 | Katashi Toyota | Board Director (part time) | ● | ● | | ● | | ● | ● |
| 9 | Masato Horiuchi | Board Director (part time) | | | ● | ● | | ● | ● |
| 10 | Koji Taniguchi | Corporate Auditor | | | | ● | ● | | ● |
| 11 | Masanori Uchikawa | Corporate Auditor | | | | ● | ● | | ● |
| 12 | Tsutomu Takahashi | Corporate Auditor (part time) | ● | | | ● | ● | ● | |
| 13 | Jun Otomo | Corporate Auditor (part time) | | | ● | ● | | ● | |

Summary of skills

Judgement criteria: Conformity to the Skills matrix is determined based on whether an individual possesses the following work experience, expertise and relevant qualifications, which we set as indicators to improve effectiveness and diversity of the Board of Directors.

1. Corporate management

Management strategies, leadership, corporate ethics, sustainability

2. Governance

Corporate governance, internal control, risk management, compliance, and legal affairs

3. Finance

Finance, accounting, tax affairs, M&A

4. Marketing Global

Space Business, Media Business, international business and internationality, sales and business strategies(BtoC and BtoB)

5. Innovation Technology

New business, technology development, ICT, DX, cybersecurity, information security, academic research, human assets development

Board of Directors

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Directors

1 Representative Director, Chairman

Toru Fukuoka

In charge of general management

- 1980 Joined the Ministry of Posts and Telecommunications (currently the Ministry of Internal Affairs and Communications)
- 2019 Board Director, the Company
Board Director, Senior Executive Vice President, SKY Perfect JSAT Corporation
Unit President of Corporate Planning & Strategy Unit, SKY Perfect JSAT Corporation
- 2021 Unit President of Space Business Unit, SKY Perfect JSAT Corporation
- 2022 Representative Director, the Company
Representative Director, Senior Executive Vice President, SKY Perfect JSAT Corporation
- 2024 Representative Director, Chairman, the Company (present)
Representative Director, Chairman, SKY Perfect JSAT Corporation (present)

2 Representative Director, President

Eiichi Yonekura

In charge of general management

- 1981 Joined C. Itoh & Co., Ltd. (currently ITOCHU Corporation)
Export Power Plant Dept., ITOCHU Corporation
- 2008 General Manager, Corporate Planning & Administration Division, ITOCHU Corporation
- 2011 Managing Executive Officer, ITOCHU Corporation
President & CEO, ITOCHU International Inc.
- 2014 Representative Director, Managing Executive Officer
President, Metals & Minerals Company, ITOCHU Corporation
- 2016 Representative Director, Senior Managing Executive Officer, ITOCHU Corporation
- 2018 Representative Director, Senior Executive Vice President, the Company
Representative Director, Senior Executive Vice President, SKY Perfect JSAT Corporation
- 2019 Representative Director, President, the Company (present)
Representative Director, President & Chief Executive Officer, SKY Perfect JSAT Corporation (present)

3 Board Director

Daisuke Nakagawa

In charge of Media Business
Chief Group Compliance Officer

- 1990 Joined Sumitomo Corporation
- 2020 General Manager, Business Planning Div.,
FTTH Business Group, Media Business Unit,
SKY Perfect JSAT Corporation
- 2022 General Manager, New Business Development
Div., Media Business Group, Media Business Unit,
SKY Perfect JSAT Corporation
- 2023 Group President, FTTH Business Group, Media
Business Unit, SKY Perfect JSAT Corporation
- 2024 Executive Officer, Group President, FTTH Business
Group, (currently Group President, HIKARI Alliance
Business Group), Media Business Unit, Deputy Head,
Business Strategy Department, SKY Perfect JSAT
Corporation
- 2025 Board Director, Managing Executive Officer, Unit
President, Media Business Unit, SKY Perfect JSAT
Corporation (present)
Representative Director of the Advanced CAS Council
Outside Board Director of NIKKATSU CORPORATION (present)
Board Director, the company (present)

4 Board Director

Teruo Yamashita

In charge of Space Business
Chief Risk Management Officer

- 1996 Joined TOMEN Corporation (currently Toyota Tsusho Corporation)
- 2018 Director, JSAT International Inc.
- 2020 Group President, Global Business Group, Space
Business Unit, SKY Perfect JSAT Corporation
- 2021 Chairman & CEO, JSAT International Inc.
- 2022 Executive Officer, Group President, Business
Innovation Group, Space Business Unit,
SKY Perfect JSAT Corporation
Outside Director, Space Compass Corporation
- 2025 Executive Officer, Group President, Space
Solution Business Group, Space Business Unit,
SKY Perfect JSAT Corporation
Board Director, Managing Executive Officer, Unit
President, Space Business Unit, SKY Perfect JSAT
Corporation (present)
Board Director, the Company (present)

Outside Directors

5 Board Director (Non-Standing) *

Kimiko Ohga

- 1977 Joined Nippon Telegraph and Telephone Public Corporation
Audit & Supervisory Board Member, NIPPON
TELEGRAPH AND TELEPHONE WEST CORPORATION
(currently NTTWEST, Inc.)
- 2019 Outside Board Director, the Company (present)
- 2020 Outside Member of the Board (Audit & Supervisory
Committee Member), BroadBandTower, Inc. (present)
Outside Director Audit and Supervisory Committee,
Tokyo Water Co., Ltd.
External Audit & Supervisory Board Member, ALCONIX
CORPORATION
- 2021 Outside Audit & Supervisory Board Member, Electric
Power Development Co., Ltd.
- 2022 Outside Director (Audit & Supervisory Committee
Member), Electric Power Development Co., Ltd. (present)

6 Board Director (Non-Standing)

Hiroyuki Oho

- 1985 Joined Nippon Television Network Corporation
(currently Nippon Television Holdings, Inc.)
- 2017 President, HJ Holdings, Inc.
- 2021 Senior Operating Officer, Nippon Television Holdings,
Inc. (present)
- 2022 Outside Board Director, the Company (present)
Board Director, Managing Officer, Nippon Television
Network Corporation
Director (non-executive), HJ Holdings, Inc.
Director (non-executive), PLAY, Inc. (present)
- 2023 Board Director, Senior Executive Operating Officer,
Nippon Television Network Corporation
- 2024 Outside Board Director, NTV Technical Resources Inc.
- 2025 Board Director, Executive Vice President, Nippon
Television Network Corporation (present)

7 Board Director (Non-Standing)*

Setsuko Aoki

- 1991 Assistant, Faculty of Law, Rikkyo University
- 2016 Professor of Law, Keio University Law School
- 2021 Chair, the Expert Committee on the Economic Security
Legal System (Cabinet Secretariat) (present)
- 2022 Ad hoc member of the Committee on the National
Space Policy (Cabinet Office)
- 2023 Outside Board Director, the Company (present)
- 2024 Member of the Central Council on Defense Facilities,
Ministry of Defense (MOD) (present)
Member of the Committee on the National Space
Policy (Cabinet Office)(present)
- 2025 Professor, Chiba Institute of Technology (present)

Corporate Auditors

10 Koji Taniguchi

11 Masanori Uchikawa

Corporate Auditors (Non-Standing)

12 Tsutomu Takahashi

(Outside Corporate Auditor)*

13 Jun Otomo

(Outside Corporate Auditor)

Outside Directors

8 Board Director (Non-Standing)*

Katashi Toyota

- 1982 Joined the Japan Defense Agency (currently the
Ministry of Defense(MOD))
- 2013 Director General, Bureau of Personnel and Education, MOD
- 2014 Director General, Minister's Secretariat, MOD
- 2017 Administrative Vice Minister of Defense, MOD
- 2018 Advisor to the Minister of Defense
- 2019 Advisor, Sampo Japan Nipponkoa Insurance Inc.
(currently Sampo Japan Insurance Inc.) (present)
- 2023 Outside Board Director, the Company (present)

9 Board Director (Non-Standing)

Masato Horiuchi

- 1992 Joined ITOCHU Corporation
- 2020 Deputy Chief Operating Officer, ICT Division, ITOCHU
Corporation
- 2024 Chief Operating Officer, ICT Division, ITOCHU Corporation
Representative Director, ITOCHU Fuji Partners, Inc. (present)
Outside Director, ITOCHU Techno-Solutions
Corporation (present)
Outside Director, BELLSYSTEM24 Holdings, Inc. (present)
- 2025 Executive Officer, Chief Operating Officer, ICT
Division, ITOCHU Corporation(present)
Outside Board Director, the Company (present)

► Click here for detailed biographies of our Directors and Auditors
<https://en.skyperfectjsat.space/company/sjh/officer>

* Registered with the Tokyo Stock Exchange as Independent Directors based on the Company's criteria for judging independence

Roundtable Discussion Between Directors and Corporate Auditor

In February 2025, the Company announced an investment of approximately ¥40 billion in the construction of its own LEO satellite constellation. A roundtable discussion was organized for an outside director, outside corporate auditor, and newly appointed director to share their perspectives.



Outside Board Director
Kimiko Ohga

Board Director
Teruo “Terry” Yamashita

Outside Corporate Auditor
Tsutomu Takahashi

—**Yamashita, you have been appointed to lead the Space Business. Please tell us about your experience and aspirations.**

Yamashita | After working at a trading company, I joined JSAT Corporation, the predecessor of SKY Perfect JSAT Corporation, in 2001. After that, I was stationed in Hong Kong and Jakarta, where I gained experience in sales primarily in the Asia region. Following my experience in developing new business fields, such as the commercialization of Earth observation satellite services, I have now taken on the role of leading the Space Business. What I always keep in mind is a sense of urgency. When I was in sales, I was overwhelmed by the speed of decision-making of the industrial conglomerates in Asia during our negotiations with them, and I felt very alarmed about the difference between us and overseas companies. In fact, Elon Musk’s Starlink has expanded across the globe in no time at all. To avoid being left behind by such developments, I intend to assess risks quickly and make agile decisions aimed at growth.

—**Since June of this year, you have also served in the role of Chief Risk Management Officer. What are your thoughts on risk?**

Yamashita | As a company responsible for infrastructure, not only maintaining financial soundness, but how we address cybersecurity is also extremely important. In fact, we are taking stringent measures in this regard. However, the greatest risk right now is the changes in the external environment, so how we go about ensuring resilience in our businesses is crucial.

Until now, our Space Business has been developed around GEO communication satellites. However, with the rise of LEO communications satellites like those operated by Starlink, there is a greater likelihood now that growth will plateau if we simply continue with our usual endeavors. LEO communications satellites offer the advantages of reduced latency and lower launch costs. We have also decided to shift to a Multi-Orbit Strategy and launch 10 new observation satellites into LEO. We plan to deploy HAPS through Space Compass Corporation in the stratosphere and also cover the MEO in collaboration with other companies. When weighing the risks associated with dependence on GEO satellites against the investment risks of shifting to a Multi-Orbit Strategy, the choice is clear.

As for the Media Business, as the boundaries between broadcasting and streaming have blurred, investing significantly in content acquisition as we did in the past is no longer a decision that justifies the expected returns. Therefore, in the Media Business, our strategy is to focus on cost efficiency in order to protect our existing operations, and utilize our current assets and know-how to minimize risks while securing profits.

Whether it be in the Space Business or the Media Business, I believe it is important to calmly, swiftly, and appropriately assess risks, and manage them while maintaining a balance between offensive and defensive strategies.

Roundtable Discussion Between Directors and Corporate Auditor

—What opinions did you express at Board meetings regarding the investment in Earth observation satellites?

Ohga | As Yamashita explained, ever since the Company's predecessor, JSAT Corporation, entered the satellite communications services market as a result of the deregulation of the telecommunications sector, the Company has relied solely on GEO satellites. However, with the recent emergence of companies deploying LEO satellites, we are certainly approaching a significant turning point. Taking on a challenge comes with risks, but doing nothing is also risky. Attention typically tends to be focused on the returns from taking on challenges, but from a long-term perspective, doing nothing signifies a lack of adaptability to change, which can be considered an enormous risk from the standpoint of long-term shareholders.

I believe the shift to a Multi-Orbit Strategy will create new business opportunities centered around Space Intelligence Business, and as an outside director, I am keen to verify whether investments in these areas are necessary, whether they will generate enough profits, and over what timeframe can the costs be recouped.

Having multiple options and alternative plans is an effective measure against uncertainty. As such, what I have said at Board meetings is that the Company should develop solutions unique to satellite utilization for the issues faced by each industry, without being biased towards any specific area, such as national security, and actively unearth private sector demand. On top of that, it is important to diversify risks through collaboration with other companies rather than trying to do everything in-house, and as Yamashita mentioned, a sense of urgency is also a factor that contributes to risk aversion.

Takahashi | The Company has adopted the concept of being a "Space Solution Provider" and aims to achieve dramatic growth by 2030. I also support the shift to a Multi-Orbit Strategy. However, from my perspective as a corporate auditor, if the Company is making new investments, I would like the circumstances to be reported to the Board of Directors—specifically, whether the risks have become greater or smaller than initially anticipated. Particularly because the investments in the Space

Business are significantly larger compared to those in the Media Business, I am very concerned about whether the Company is underestimating the risks and whether it is following the proper processes. This is something I am closely monitoring. In fact, communications satellites can take several years from order to the commencement of services, and the investment recovery period can be quite long. In that regard, while government demand may appear to provide stable revenue, it actually carries risks, and although private sector demand in Space Intelligence Business is certainly expanding, it is also true that competition is fierce. I hope that decisions will be made taking into account the long-term competitive environment and the many uncertainties. Moreover, I believe that deciding on when to withdraw or cease operations if the outlook for investment recovery becomes unclear is very important. Open communication is necessary for making decisions about whether to continue with the investment.

Yamashita | What both of you have said mirrors what I have heard at Board meetings. I would like to take this opportunity to explain the situation again. First of all, this investment is about establishing a certain degree of precedence and flexibility in the utilization of satellites in LEO. Currently, our Space Intelligence Business operates under an agency model whereby we acquire satellite imagery and data from overseas observation satellite operators and sell. However, with this model, we are, to put it in extreme terms, entrusting the sustainability of the business to our suppliers, which poses a significant risk in terms of the stable provision of services. Therefore, we have decided to first build a constellation of 10 satellites on our own.

Our aim is to reduce supply risks by effectively balancing the use of both our own assets and the agency model. This does not mean that we will completely abandon the agency model and shift entirely to our own assets. Rather, to expand the business, we need to increase our agency sales.

As Ohga said, we will actively pursue external partnerships as well. There are many start-ups aiming to create innovations by utilizing highly accurate data obtained from satellites in various fields, including not only security, but also disaster prevention and mitigation, agriculture, and logistics. We have also earmarked ¥10 billion to invest in such companies, to form partnerships, and to enable us to grow together with various entities.

Also, as both of you pointed out, relying solely on existing government demand will not allow us to significantly grow our business, so broadly expanding our Space Intelligence Business will help us stabilize our earnings. I believe that advancing this with a sense of urgency is my biggest mission. As we work to open up the market, we will focus on three key points: owning our own assets, expanding agency sales, and developing analytical technology in-house.

Takahashi | In terms of the risks associated with new challenges, we should keep in mind how to expand the market and secure competent global personnel.

Ohga | Expectations from outside the Company are also looming large, which I think are



Roundtable Discussion Between Directors and Corporate Auditor

reflected in the share price. The atmosphere at the annual general meeting of shareholders has also changed considerably compared to before. I have noticed an increase in questions about the Space Business from shareholders who appear to be young researchers, as well as queries about the Company's medium- to long-term direction, particularly regarding its business strategies and new undertakings. As the only company in Japan that has been engaged in the space business for 40 years, at the very least, I want to see it maintain its position as a leader in the data-driven sector of the Japanese space market, further collaborate with various companies, and lead the development of new markets.

—Please share your thoughts on how to improve ROIC.

Yamashita | The Space Business is basically about owning satellites through major investments, which are at the core of a model that generates revenue over the long term. Accordingly, to improve returns on invested capital, or ROIC, we must either increase the profits generated from our assets or lighten our asset base. For the former, in addition to expanding Space Intelligence Business, we aim to improve ROIC by replacing satellites nearing the end of their life with more productive successors. If we were to focus exclusively on the agency business without holding any assets, even though performance indicators would probably improve in the short term, we would be taking on enormous unseen risks, including the risk threatens stable supply that I mentioned earlier. Taking these factors into account, we will steadily do what needs to be done in line with the vision we have for our satellite fleet from a long-term perspective, thereby enhancing profitability.

Takahashi | To put it simply, it all comes down to eliminating unnecessary spending and disposing of assets that do not generate revenue, or making them profitable. As I mentioned ear-



lier, investment recovery takes a long time in the Space Business, thus figures for ROIC will likely fluctuate in the near term. So I doubt whether it is wise to fret over that. Instead, I believe it is important that the Company properly engages in dialogue with the capital markets regarding this point and genuinely communicates its vision, its scenarios for recouping investments, and the uncertainties involved.

Ohga | I am concerned that the investments in the Media Business such as broadcasting equipment tend to be overshadowed by the huge investments in satellites. The amounts of investment, recovery timelines, and approaches to asset ownership are completely different between the Space Business and the Media Business. The Media Business is also a customer of the Space Business, and it is for

that reason that any attempts to discuss them in the same manner leads to such issues. That is why I have long said that we need opportunities to organize and discuss where and how much is being invested, whether it be by business segment or smaller business units, as well as the level of expected returns. If such discussions were taking place, it would be easier to check and review individual proposals within the context of the overall project. The accuracy would likely improve as well. President Yonekura has taken measures from that standpoint, and as a result, I think it is remarkable that operating profit in the Media Business has increased despite a decrease in the cumulative number of subscribers.

And as for ROIC, this too is something that ought to be examined according to the characteristics of the business. Like Takahashi said, I am also against the idea of making it a goal to raise the indicators overall in the short term. It may become a hindrance to sustainable growth. I think the Company must encourage not only managers but also employees to be mindful of capital efficiency.

Yamashita | Considering that our shareholders provide the funds with which we invest in our businesses, I believe the most important thing is to clearly explain how we plan to generate profits and the thought processes behind it. First and foremost, I recognize that our ultimate responsibility is to achieve net profit in excess of ¥28 billion by 2030.



Corporate Governance

The SKY Perfect JSAT Group strives to maintain highly transparent corporate governance systems that are able to quickly meet the demands of a changing business environment. One of the Company’s nine materiality themes is “Building a robust foundation for management.” The Company will pursue rigorous corporate ethics based on even more transparent legal compliance and the ongoing reinforcement of its risk management system.

| Materiality Themes | Materialities |
|---|---|
| Building a robust foundation for management | Enhancement of corporate governance |
| | Proactive and responsible dialogue and disclosure to stakeholders |
| | Information security and protection of personal information |
| | Respect for human rights |

Our Basic Philosophy on Corporate Governance

As a publicly traded company, we believe that maximizing our corporate value in the capital market is the fundamental goal of corporate governance.

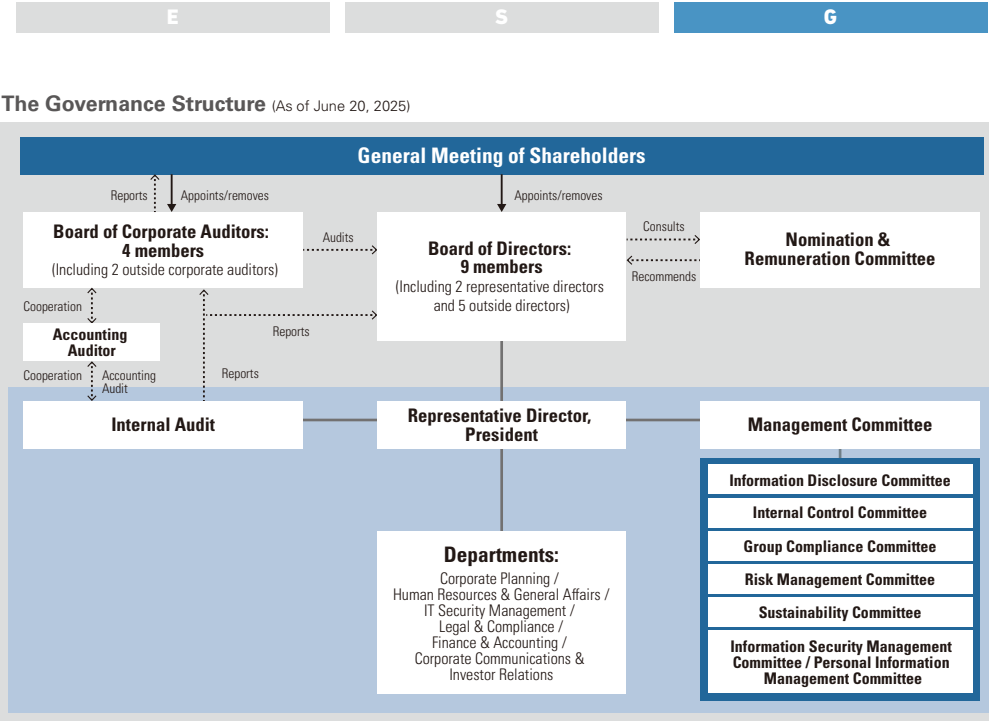
To this end, we consider it one of the most significant management issues to establish a good relationship with the Group’s stakeholders, consisting of our shareholders and customers who use our services, as well as business partners, employees, and communities, along with making prompt management decisions in a changing social and economic environment and further enhancing the soundness of management, while bearing in mind the importance of corporate ethics based on compliance with laws and regulations.

Based on this philosophy, as a company with a Board of Corporate Auditors, we ensure that corporate management monitoring by our corporate auditors functions sufficiently, appoint independent outside directors for at least one-third of our directors, and have established a voluntary Nomination & Remuneration Committee as an advisory body to the Board of Directors. As a corporate group that operates highly public businesses in the space and media sectors, we are committed to enhancing our monitoring and supervising functions to ensure and improve management transparency and soundness. In addition to the requirements for independent directors/ auditors set by the Tokyo Stock Exchange, in FY2015, we formulated our own standards with original judgement criteria.

Furthermore, we are committed to providing shareholders and investors with timely and accurate information as well as enhancing management transparency through broad information disclosure.

Steps Taken to Strengthen Governance

We have worked to strengthen our corporate governance structure by, for example, establishing as an advisory body to the Board of Directors a voluntary Nomination



& Remuneration Committee, the majority of whose members are outside directors and which is chaired by an independent outside director, and by introducing a performance-based remuneration system. Through these initiatives, the Company has developed systems for the Board of Directors to properly make important management decisions and supervise management, built an internal control system for the Board of Directors to ensure the proper delegation of authority, and operated systems which contribute to enhancing the functions and effectiveness of the Board of Directors.

Since Japan’s Corporate Governance Code was released in June 2015, the Company has secured independent directors/auditors based on the criteria for judging independence required by the Tokyo Stock Exchange. The Company promoted measures to meet the requirements of the Code, including introduction of an effectiveness evaluation to enhance the functions of the Board of Directors, the commencement of provision of an English language notice of convocation, etc., and in recent years, it has promoted management that emphasizes a shareholder perspective and a sound system for conducting business by introducing a stock compensation system with restrictions on transfer. Furthermore, with a focus on ensuring diversity in the Board of Directors, we are appointing female directors/ auditors and disclosing their skill matrices.

Going forward, we will continue to aim for sustained growth and to enhance corporate value and shareholder value by developing, further enhancing, and ensuring the effectiveness of the corporate governance system.

Corporate Governance

Reasons for Adopting the Current Corporate Governance System

As a company with a Board of Corporate Auditors, the Company ensures the enrichment of its monitoring and supervising functions and the transparency and soundness of its management by means of adequate utilization of the monitoring of corporate management by corporate auditors. In addition to having a corporate governance system centering on the monitoring of corporate management by corporate auditors, with the aim of increasing and enhancing the effectiveness of the supervision of management by the Board of Directors as well as the transparency and soundness of management, the Company has appointed multiple highly independent outside directors and outside corporate auditors and has voluntarily established the Nomination & Remuneration Committee as an advisory body to the Board of Directors. The Nomination & Remuneration Committee, the majority of whose members are independent outside directors and that is chaired by an independent outside director, conducts independent reports concerning the nomination of directors and corporate auditors and determines remuneration. In addition, the Committee considers responses to corporate governance issues related to the matters it deliberates, and it monitors the status of their implementation.

System Ensuring and Supervising Sound Business Management

Appointment of Independent Directors/Auditors

To protect general shareholders and enhance corporate governance, the Tokyo Stock Exchange, on which the Company is listed, requires that all listed domestic companies appoint at least one independent director/auditor. An independent director/auditor is an outside director or auditor who is unlikely to have any conflict of interest with general shareholders. In other words, an independent director/auditor is a person who participates in management from a neutral and objective standpoint and who does not have any interests in the Company or the Group. In accordance with the Exchange’s requirement of appointing one or more independent directors and auditors, we have formulated our own judgment criteria for the independence of directors/auditors in addition to those stipulated by the Companies Act and the Tokyo Stock Exchange, and the Company currently has a total of four independent directors/auditors (three independent directors and one independent auditor).

Diversity of Directors/Auditors

Our Board of Directors consists of individuals that we have found appropriate to be our Directors and Corporate Auditors; they have rich experience, high levels of insight, advanced expertise, and abilities that we find essential. To ensure a balance of knowledge, experience, and skills as well as diversity within the Board of Directors as a whole, our Board of Directors has created a Board of Directors Skills Matrix that clarifies the requirements

| | | |
|---|---|---|
| E | S | G |
|---|---|---|

for its officers, derived from the Group’s mission of “Space for your Smile” and management strategy. The Board of Directors is to be composed of individuals deemed suitable to serve as the Company’s directors and corporate auditors, possessing extensive experience, high levels of insight, and advanced expertise and abilities that the Company requires. The skills matrix for each officer is provided on page 53.

FY2024 Major Activities Conducted by Outside Directors

| Position | Name | Major Activities |
|----------------|----------------|---|
| Board Director | Kimiko Ohga | Ohga attended all 16 Board of Directors meetings held in the fiscal year ended March 31, 2025. With regard to business deliberation and other matters, Ohga advise was provided as necessary based on a high level of expertise as a corporate manager and extensive experience and knowledge of the communication industry, and provided appropriate guidance and supervision to the management team from an independent and objective standpoint mainly regarding the strengthening of the management system. In addition, Ohga chairs the Nomination and Remuneration Committee that provides advice to the Board of Directors on the appointment and dismissal as well as remuneration of Board Directors. Ohga attended all 10 Nomination and Remuneration Committee meetings held in the fiscal year ended March 31, 2025. |
| Board Director | Kenji Shimizu | Shimizu attended 15 of the 16 Board of Directors meetings held in the fiscal year ended March 31, 2025. With regard to business deliberation and other matters, advise was provided as necessary based on a high level of expertise as a corporate manager and extensive experience and knowledge in the media industry, and provided appropriate guidance and supervision to the management team from an independent and objective standpoint mainly regarding the strengthening of the management system. In addition, Shimizu is a member of the Nomination and Remuneration Committee that provides advice to the Board of Directors on the appointment and dismissal as well as remuneration of Board Directors. Shimizu attended 9 of the 10 Nomination and Remuneration Committee meetings held in the fiscal year ended March 31, 2025. |
| Board Director | Hiroyuki Oho | Oho attended all 16 Board of Directors meetings held in the fiscal year ended March 31, 2025. With regard to business deliberation and other matters, advise was provided as necessary based on a high level of expertise as a corporate manager and extensive experience and knowledge in the media industry, and provided appropriate guidance and supervision to the management team from an independent and objective standpoint mainly regarding the strengthening of the management system. |
| Board Director | Setsuko Aoki | Aoki attended all 16 Board of Directors meetings held in the fiscal year ended March 31, 2025. With regard to business deliberation and other matters, advise was provided as necessary based on a high level of expertise in fields such as space law, international law, and security strategy, and provided appropriate guidance and supervision to the management team from an independent and objective standpoint mainly regarding the strengthening of the management and governance systems. In addition, Aoki is a member of the Nomination and Remuneration Committee that provides advice to the Board of Directors on the appointment and dismissal as well as remuneration of Board Directors. Aoki attended all 10 Nomination and Remuneration Committee meetings held in the fiscal year ended March 31, 2025. |
| Board Director | Katashi Toyota | Toyota attended all 16 Board of Directors meetings held in the fiscal year ended March 31, 2025. Toyota provided advice as necessary based on extensive experience and deep insight in fields such as security strategy, space defense, and international affairs, and provided appropriate guidance and supervision to the management team from an independent and objective standpoint mainly regarding the strengthening of the management and governance systems. In addition, Toyota is a member of the Nomination and Remuneration Committee that provides advice to the Board of Directors on the appointment and dismissal as well as remuneration of Board Directors. Toyota attended all 10 Nomination and Remuneration Committee meetings held in the fiscal year ended March 31, 2025. |

Corporate Governance

Evaluating the Effectiveness of the Board of Directors

In February 2025, the Company conducted a survey that targeted all nine Directors and all four Corporate Auditors. This survey covered the composition of the Board of Directors, its operational status, deliberative details, and management issues, among other topics. The results of the survey were reported at the Board of Directors’ meetings held in April 2025, where they were analyzed and assessed, and measures to respond to issues were considered and deliberated upon.

The evaluation concluded that the Board of Directors, which is composed of four full-time and five non-standing members (of which three are independent outside directors), is functioning effectively. Each director made effective statements and engaged in constructive discussions based on their individual expertise and experience. Key areas of improvement from the previous year included the appropriate reflection of opinions from outside officers in decision-making, proper discussion of management strategies and plans, and feedback and discussion by the Board of Directors regarding dialogue with shareholders and investors. On the other hand, opinions were raised regarding the need to deepen discussions on governance and management strategies that are conscious of capital costs and the stock prices, to enrich deliberations through problem-raising and proposals from outside officers, and to change the composition of outside officers to be in line with our growth strategy. Based on these evaluation results, we will work to further improve the functioning of the Board of Directors.

Key Agenda Items and Discussion Content

| Agenda item | Discussion content |
|------------------------------------|--|
| Review of the satellite fleet plan | A report and Q&A session were held regarding the review of the satellite fleet plan at SKY Perfect JSAT Corporation, the main operating company. Outside directors commented on the risks of launch delays, the expansion of satellite demand, and new use cases, leading to a lively discussion on the medium- to long-term fleet plan. Regarding the order for JSAT-32 as the successor to existing communications satellites for the Japan area, an explanation was provided based on future customer trends and the fleet plan. Outside directors and outside corporate auditors asked questions about the impact on business profitability, the service transition plan, and anticipated risks, resulting in a vigorous discussion. |
| Space Compass’s business plan | Regarding the business plan for HAPS and space data center businesses at the equity-method affiliate Space Compass Corporation, an explanation was provided on the progress of commercialization and the status of collaboration with partners. Outside directors and outside corporate auditors raised questions and shared opinions on various risks, including the technology development schedule, the project management system for long-term projects, and contract terms. Constructive discussions were also held on future initiatives, including strengthening the relationship with the government based on overseas case studies and other factors. |
| IR activities | Regarding IR activities, in addition to a report on quarterly activity results, explanations were provided and discussions were held on methods for communicating earnings forecasts externally, the direction of capital policy and shareholder returns, outreach to individual shareholders, and key performance indicators. Outside directors and outside corporate auditors offered their evaluations of trends in stock price and market capitalization, and opinions on how to strengthen communication of our growth strategy, including that of the Space Business. Multi-faceted discussions were held on the future direction of IR activities. |

Discussions by the Board of Directors

The Board of Directors actively discusses matters for resolution and reporting, focusing primarily on important matters related to the Company and SKY Perfect JSAT Corporation, as well as agenda items stipulated by laws and regulations. In addition, the Company endeavors to have Directors fully deepen their understandings before attending Board of Directors meetings; means to this end include providing explanations of important matters in advance to outside directors as well as providing opportunities for attending explanations and lectures on major topics and relevant information.

Implementation of the FY2024 Policy for Responding to Challenges

The measures outlined in the FY2024 Policy for Responding to Challenges have generally been implemented. Among the measures, for “Provision of explanations on the discussion process that leads to items being submitted to the Board of Directors” and “Earlier issuance of convocation notices and Board meeting materials,” we have enhanced preliminary explanations, especially for important and highly specialized agenda items, and are carefully explaining the discussion process, including sharing the content of discussions at SKY Perfect JSAT Corporation. Going forward, we aim to share materials even earlier to enrich discussions. For “Enhancement of information provision opportunities,” we have created opportunities for knowledge acquisition, such as seminars and study sessions to stimulate discussion, and have held lectures on international law and security related to the Space Business. At off-site meetings attended by all directors, corporate auditors, and SKY Perfect JSAT Corporation officers, we have actively discussed management policies and strategies as well as confirmed and analyzed the progress of our management strategy. As part of the medium- to long-term strategy for both the Space Business and the Media Business, new initiatives (including those for existing businesses) and their implementations are being discussed.

FY2025 Policy for Responding to Challenges

| Item | Challenge | Response policy |
|---------------------------------------|--|--|
| Composition of the Board of Directors | <ul style="list-style-type: none">Composition of outside officers in line with the growth strategyShortage of talent in the technical, DX, and AI fieldsAppointment of female officers from within the company | Conveying requests to the Nomination & Remuneration Committee |
| Operation of the Board of Directors | Enriching deliberations through problem-raising and proposals from outside officers | Strengthening collaboration with outside directors and corporate auditors |
| | Enhancing the information in Board of Directors materials and distributing such materials earlier | For important matters, providing preliminary explanations early For regular matters, distributing materials when a convocation notice is issued |
| Discussions by the Board of Directors | Enhancing discussions on management strategy that is conscious of governance, capital costs, and the stock price | Setting up discussion opportunities for each theme |
| Training | Enhancing the provision of diverse information regarding the Space Business, including the market environment, forecasts, technology, and competitor trends | Implementing lectures, overseas tours, and site visits |
| Others | Sharing outlooks and awareness of challenges from operating company executive officers | Setting up opportunities for attendance and opinion exchange |

Corporate Governance

Corporate Auditors and Board of Corporate Auditors

The Company’s Board of Corporate Auditors consists of four members, of whom two are outside auditors. Corporate auditors attend meetings of the Board of Directors, Management Committee, and other important meetings where they engage in active exchanges of ideas and opinions. Along with this, they conduct investigations of internal organizations and subsidiaries based on corporate auditors’ annual audit plans, and also audit the business execution of directors. The Board of Corporate Auditors generally convenes meetings once a month; exchanges opinions with each director and core employees, as well as corporate auditors at subsidiaries; shares with non-standing auditors the status of daily audits performed by full-time corporate auditors; and exhaustively conducts audits with a focus on critical audit items, such as the condition of maintenance of the Group’s system of internal control based on the Companies Act and the Financial Instruments and Exchange Act, the Group’s compliance structure, and the verification and flow of the status of response to top risks. In addition, together with receiving audit reports from the external accounting auditor as necessary, the board receives reports from the Internal Audit Department on the status of internal audits.

FY2024 Major Activities Conducted by Outside Auditors

| Position | Name | Major Activities |
|-------------------|-------------------|--|
| Corporate Auditor | Tsutomu Takahashi | Takahashi attended 14 of the 16 Board of Directors meetings and 13 of the 14 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2025. With regard to business deliberation and other matters, advise was provided as necessary based on a high level of expertise in the accounting field and abundant audit experience. |
| Corporate Auditor | Jun Otomo | Otomo attended 15 of the 16 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2025. With regard to business deliberation and other matters, advise was provided as necessary based on a extensive insight into the media business. |

A Remuneration System that Further Promotes the Sharing of Value with the Shareholders

The remuneration of the Company’s officers is comprised of fixed remuneration, performance-based remuneration, and stock compensation. The policies for determining their pay ratios are decided by giving consideration to the provision of appropriate incentives for improving business performance for each fiscal year and increasing medium- to long-term corporate value, after receiving the findings of the Nomination & Remuneration Committee. Outside directors are paid fixed remuneration only, in light of their responsibilities and from the perspective of emphasizing autonomy.

The Board of Directors decides on their remuneration policy after receiving the findings of the Nomination & Remuneration Committee in order to ensure the objectivity of the policy and the systems and operations for distributing remuneration. The Nomination & Remuneration Committee then decides on the fixed remuneration and performance-based remuneration amounts to be paid to individual directors. The amount of annual payment that serves as the basis for the number of shares with restrictions on transfer to be allotted will be

determined by a resolution of the Board of Directors within the remuneration limit. The majority of directors appointed as members of the Nomination & Remuneration Committee are outside directors, and the committee’s chairperson is an independent outside director. This is to ensure objectivity and fairness in decisions regarding remuneration.

In order to raise awareness of improving the Company’s performance in each fiscal year, the Company sets consolidated net profit and segment profit as the performance indicator targets for a single fiscal year. An amount calculated in accordance with the degree of achievement of the targets set for each officer is paid as performance-based remuneration at a certain time each year. Consolidated net profit and segment profit were selected as performance indicators as they enable a comprehensive judgment of the degree of contribution to the short-, medium- and long-term performance of the Company, and are objective and quantitative evaluation indicators that apply to all officers and employees.

The amount of performance-based remuneration is computed each fiscal year by multiplying the quantitative evaluation portion, which is calculated by multiplying the amount of position-specific remuneration by a certain coefficient in accordance with the achievement of business results, by a certain adjustment coefficient determined by the Nomination & Remuneration Committee in order to adjust and take into account variable factors such as special factors and unforeseen matters. The coefficient for the quantitative evaluation portion (a certain coefficient to be multiplied with the amount of performance-based remuneration specific to the position) is determined by the Nomination & Remuneration Committee in accordance with the degree of achievement of the targets set for each officer, where consolidated net profit and segment profit are used as performance indicator targets of a single fiscal year.

In addition, in accordance with a resolution adopted at the 13th Annual General Meeting of Shareholders held on July 30, 2020, we have introduced a stock compensation system with the aim of providing directors with an incentive to continuously improve our corporate value and further promoting value sharing with our shareholders. The Company will use common stock to allocate shares with restrictions on transfer to the eligible parties once a year by a resolution of the Board of Directors. The stock compensation to be provided will be shares with restrictions on transfer using common stock. The restriction on transfer will be lifted upon the officer’s retirement in principle. The monetary remuneration to be paid for the grant of shares with restrictions on transfer will not exceed ¥60 million per year, and the total number of shares of the Company’s common stock to be issued or disposed of will not exceed 260,000 shares per year.

Remuneration of Directors and Auditors

| | Total Remuneration (¥ millions) | Total Remuneration by Type (¥ millions) | | | Number of Eligible Recipients |
|--|------------------------------------|---|-------------------|---------------------|----------------------------------|
| | | Basic salary | Performance-based | Share-based payment | |
| Directors (Excluding Outside Directors) | 75 | 28 | 16 | 30 | 4 |
| Corporate Auditors (Excluding Outside Corporate Auditors) | 45 | 45 | — | — | 2 |
| Outside Directors | 45 | 45 | — | — | 5 |
| Outside Corporate Auditors | 14 | 14 | — | — | 2 |

Corporate Governance

Policy on Constructive Dialog with Stakeholders, Including Shareholders

In pursuing sustainable growth of the Company and raising the corporate value over the medium to long term, the Representative Director, President, and CFO have constructive dialogues with shareholders and investors within a reasonable scope with the support of the Corporate Communications & Investor Relations Department. The Corporate Communications & Investor Relations Department, which regularly shares information with the management and related departments, prepares presentation materials for quarterly Earnings Results Briefings and releases information about the Company. Presentation materials and videos of earnings results briefings are disclosed on our website. In addition, based on a request from the Tokyo Stock Exchange, we are actively implementing English-language disclosure to improve convenience for overseas investors and enable appropriate investment decisions. The Company has also established Information Disclosure Regulations, Insider Trading Control Regulations, and a Disclosure Policy, and endeavors to engage in dialogue with stakeholders and release information fairly without prejudice.

Striving to achieve management that is considerate of the positions of all stakeholders, including shareholders, feedback and concerns from shareholders and investors, identified through dialogue with shareholders, are reported by the CFO to the Board of Directors quarterly as part of updates on shareholder/investor trends and IR activities.

Dialogue with Capital Markets

| Feedback System | FY2022 | FY2023 | FY2024 | FY2025 ~July |
|--|---|--------------------------------|--|---|
| Analysts, Investors, Shareholders | One-on-one meetings 112 | One-on-one meetings 188 | One-on-one meetings 230 times ↳ Meetings with the Representative Director, President: 16 ↳ Meetings with the CFO: 19 | One-on-one meetings 75 ↳ Meetings with the CFO: 4 |
| President, CFO, Corporate Communications & Investor Relations Department | | | [Other initiatives] • Overseas roadshows 3 (North America, Europe, Asia) • Securities firm conferences for overseas investors: 2 • Small meetings hosted by securities firms: 1 • Briefing sessions for individual investors 4 | [Other initiatives] • Investor group meetings: 1 • Small meetings hosted by securities firms: 1 • Briefing sessions for individual investors: 1 |
| Board of Directors Quarterly IR activity reports | | | | |
| Responses to enhance corporate value | | | | |
| | Implementation examples (FY2024~) <ul style="list-style-type: none"> ✓ Explained our approach to "management conscious of capital costs and the stock price." (April 2025) ✓ Enhanced the dividend policy (upward revision of the dividend payout ratio, setting of a minimum annual dividend amount). (April 2025) ✓ Held the first Space IR DAY at the Yokohama Satellite Control Center. (March 2025) ✓ Disclosed the SKY Perfect JSAT Guide for investors on our website. (December 2024) ✓ Enhanced financial and stock price information on the IR website, providing simultaneous disclosure in Japanese and English. (May 2025) ✓ Issued monthly reports of one-on-one meeting summaries to the President, CFO, and operating company executive officers, etc. (from April 2025) | | | |

In FY2024, the Representative Director, President, and CFO engaged in a dialogue with domestic and international investors, including current and potential shareholders. In response to the insights obtained through this dialogue, we worked to further disclose and enhance the information in our earnings results briefing materials.

Given the pace at which the management environment is changing, the Company chooses to announce its business forecasts for each fiscal year, rather than for each medium-term management plan. We believe this is the best way to make optimal management decisions in a quick and flexible manner and to disclose information to ensure that shareholders and investors correctly understand our management strategies and financial conditions. At the FY2024 full-year earnings results briefing, we announced our Vision for 2030 and plans regarding capital investment, and we plan to provide regular updates on our progress. Medium-to long-term management policies and management strategies are discussed at Board of Directors' meetings; they are also actively debated during intensive discussions involving outside directors, outside corporate auditors, and officers of Group companies. This enables us to check and analyze the status of our management policies and management strategies and, where necessary, revise our plans and policies.



Briefing session for individual investors (July 2025)

Approach to Management Conscious of Capital Costs and the Stock Price

The Company has set forth its vision for 2030, and to achieve this vision, we will actively invest not only in existing businesses but in the development of new business fields. When making investment decisions, we will ensure profitability by using a hurdle rate (7%) that exceeds our assumed WACC (6% to 6.5%). Furthermore, while focusing on growth investments, we have changed our dividend policy from FY2025 to "a dividend payout ratio of 50% or more, with a minimum annual dividend per share of 38 yen" in order to enhance shareholder returns. In addition, to further promote management that emphasizes a shareholder perspective, we have increased the ratio of stock compensation in directors' remuneration. We will continue to provide explanations of the progress of our growth strategy, including the status of our business portfolio review and investment progress, at future earnings results briefings and other forums, and we will engage in active dialogue with our shareholders.

Compliance, Risk Management, and Information Management Systems

The Company ensures management transparency and soundness by enforcing compliance, strengthening risk management, and upgrading its information management systems. To enhance our medium- to long-term corporate value and achieve a management style that earns the trust of our stakeholders, we are working as a unified entity to reinforce our systems and pursue continuous improvement.

Group Compliance Committee and Group Compliance Helpline

To ensure that the business execution of the Company's directors and employees complies with relevant laws and regulations, the Articles of Incorporation, and various internal regulations, the Company has established a Group Compliance Committee and its Secretariat, the Group Compliance Promotion Office. The Committee appoints a Chief Group Compliance Officer who acts as the chairperson of the Committee. The Committee chairperson submits issues on Group compliance program matters and facts regarding compliance to the Committee for deliberation, as well as reports deliberation results to the Board of Directors, as necessary. The Group Compliance Promotion Office maintains and manages company-wide Group compliance programs and provides education and training related to Group compliance programs to directors and employees. The content of education and training includes information on insider trading, embezzlement, breach of trust, leakage of confidential information, bribery, corruption, human rights, receipt of subsidies and other public funds, and harassment. Moreover, the Company has put into place an internal and external Group Compliance Help Line system, under which those who discover that the Company's business activities or practices carried out by employees, executives, or members of the Board of Directors might be illegal can report them immediately or consult with the Help Line staff anonymously. Moreover, if there is a consultation or report for which the involvement of full-time Board Directors of the Company or Board Directors or Executive Officers of the Group companies is suspected, it can be forwarded directly over to the Company's full-time Corporate Auditors through the external Group Compliance Help Line, bypassing the Group Compliance Promotion Office and the Chief Group Compliance Officer.

Risk Management Committee

As our company is a pure holding company, to promote risk management and facilitate the sharing of necessary information across the entire Group, we have jointly established a basic policy and management structure for risk management with SKY Perfect JSAT Corporation, the core company. Based on this basic policy and management structure, the Risk Management Committee, which is chaired by the Chief Risk Management Officer, appropriately manages the various risks facing the business and works to prevent risks before they occur and reduce existing risks.

Specifically, in principle, risks subject to risk management and risk evaluations are reviewed semi-annually and as needed. Based on the evaluation results for each risk, appropriate countermeasures are formulated. First, regarding risk evaluation, we define the risk level as the product of the frequency and impact of each risk. By analyzing the resulting scores for risks across the Group, we designate those with a severity level that exceeds a certain threshold as major risks requiring prioritized countermeasures. Risks that are deemed to require urgent countermeasures are also designated as major risks, regardless of their risk level. For these major risks, the responsible departments formulate key measures, which are subsequently discussed and reviewed by the Risk Management Committee and then reported

to the Company's Management Committee and Board of Directors. In this way, we have established a system for regularly monitoring the progress of risk countermeasures.

The Risk Management Committee consists of the chairperson, the supervisory departments of each division, and administrative departments; the Corporate Planning Division serves as the Secretariat.

SKY Perfect JSAT Corporation has established various committees related to internal control and carries out activities on a daily basis, while sharing relevant information with the Risk Management Committee as required. Regarding climate change-related risks, the Risk Management Committee receives reports on the results and details of separate, detailed examinations conducted by the Sustainability Committee and engages in necessary discussions.

In the event that a risk materializes, we respond promptly and appropriately in accordance with manuals tailored to each risk, including BCP (Business Continuity Plan), information security, and cyber security. Furthermore, we have established a system to convene the Risk Management Committee as needed, enabling the appropriate control of risks across the entire Group.

The Information Security Management Committee, the Personal Information Management Committee, and Information Security System

Alongside the establishment of a Security Policy to maintain information security and a Privacy Policy to protect personal information, the Company has established an Information Security Management Committee and a Personal Information Management Committee, both chaired by the Chief Information Management Officer, to ensure an appropriate and effective management structure in each area. We have also placed a person responsible for information security management at each of the Group companies and implemented thorough information management training for all Group employees, executives, and contractors.

In recent years, there has been an increase in cyberattacks on information systems, such as targeted attacks through the introduction of malware and unauthorized access through the Internet; since the spread of COVID-19, we have also been promoting work from home. As such, our Group is strengthening security measures for internal systems and for service-provision websites. For our systems, we use encrypted servers for storing personal information and important business information; we prevent infection through the use of unauthorized access prevention systems and anti-virus software, and we identify vulnerabilities through the acquisition of system logs and security diagnoses. We have also established a Computer Security Incident Response Team (CSIRT) to limit the spread of damage from any attacks. In light of the diversification of cyberattacks and the increase in cyber security risks due to the promotion of DX, etc., we have also appointed a Chief Information Security Officer (CISO) to implement and strengthen cyber security measures.

Respect for Human Rights

| Materiality Theme | Materiality |
|---|--------------------------|
| Building a robust foundation for management | Respect for human rights |

Basic Approach

The SKY Perfect JSAT Group has established the “SKY Perfect JSAT Group Human Rights Policy,” declaring its support and respect for international norms on human rights, such as the International Bill of Human Rights and the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and conducts its business activities in accordance with the United Nations Guiding Principles on Business and Human Rights. The Group respects the human rights of all stakeholders who may be affected by its business activities, including its supply chain.

Initiatives to Respect Human Rights

In FY2024, we conducted human rights training, revised our Human Rights Policy, and promoted human rights due diligence.

Implementation of Human Rights Training

Since establishing our Human Rights Policy in 2023, the Group has regularly conducted human rights training for all its officers and employees, and is raising their awareness of human rights. In FY2024, the training covered the Group’s Human Rights Policy, human rights risks that companies should address, and the Group’s future human rights initiatives.

Revision of the Human Rights Policy

We revised our Human Rights Policy to reflect our initiatives to respect human rights, such as human rights due diligence and internal training, and to promote future initiatives.

Promotion of Human Rights Due Diligence

The Group is promoting human rights due diligence initiatives to fulfill its responsibility to respect human rights in its business activities.

In FY2024, we identified key human rights risks in the business activities and value chain of SKY Perfect JSAT Corporation through the steps outlined on the right.

Going forward, we will consider and implement measures to mitigate these identified risks to prevent or reduce their adverse impacts.

1. Identification of potential human rights risks

Identified potential human rights risks relevant to SKY Perfect JSAT Corporation, considering industry trends, materials and products handled, and countries or regions of operation for both SKY Perfect JSAT Corporation and its business partners.

2. Surveys and interviews with stakeholders

Conducted questionnaire surveys and interviews regarding human rights risks with business partners in the Media Business, where potential human rights risks are considered to be high.

3. Materiality assessment

Based on the results of stakeholder surveys and interviews, conducted a materiality assessment of each potential human rights risk according to the severity if it were to materialize and the likelihood of its occurrence within SKY Perfect JSAT’s business activities and value chain.

4. Identification of Key Human Rights Risks

Based on the results of the materiality assessment, identified key human rights risks after a review by the Sustainability Committee.

Key Human Rights Risks

| Human Rights Risk | Relevant Business | Potentially Affected Stakeholders |
|---|-------------------|--|
| Long working hours | Space and Media | ✓ Group employees ✓ Employees of business partners and performers |
| Occupational safety and health | Space and Media | ✓ Employees of business partners and performers |
| Discrimination and harassment | Space and Media | ✓ Group employees ✓ Employees of business partners and performers |
| Right to privacy | Space and Media | ✓ Group employees ✓ Customers |
| Access to communications infrastructure | Space | ✓ Customers |
| Negative impacts on viewers and society through broadcasting and distribution | Media | ✓ Consumers, including viewers |

In addition to the risks listed above, we recognize forced labor and child labor as risks that require close monitoring upstream in our value chain. We will consider measures for these alongside our key human rights risks.

► Click here for the SKY Perfect JSAT Group Human Rights Policy.
https://en.skyperfectjsat.space/sustainability/library/peoples_policy/

Data Section/ Financial Section

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Glossary for Understanding
Our Company

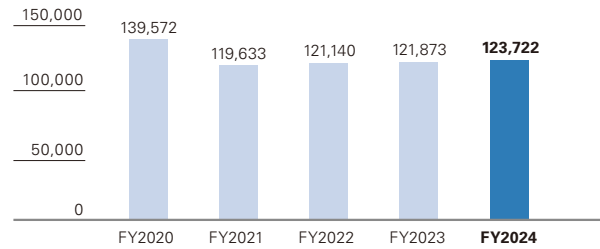
<https://en.skyperfectjsat.space/ir/glossary>

Financial Highlights

(SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries)

Revenues

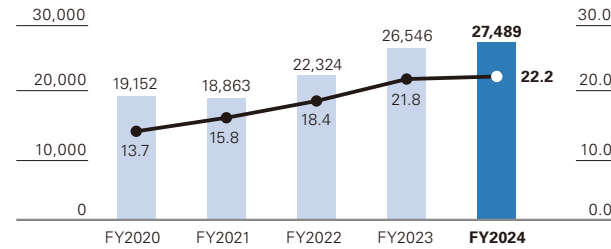
(Millions of yen)



Operating Profit / Operating Margin

(Millions of yen)

(%)

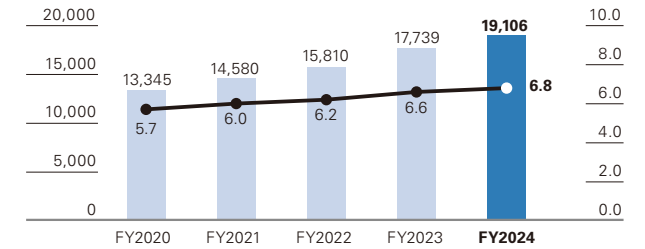


■ Operating Profit (left axis) ● Operating Margin (right axis)

Profit Attributable to Owners of the Parent / ROE

(Millions of yen)

(%)

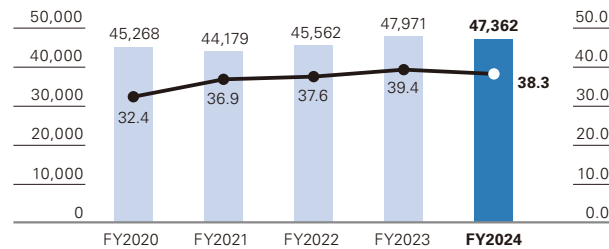


■ Profit Attributable to Owners of the Parent (left axis) ● ROE (right axis)

EBITDA / EBITDA Margin

(Millions of yen)

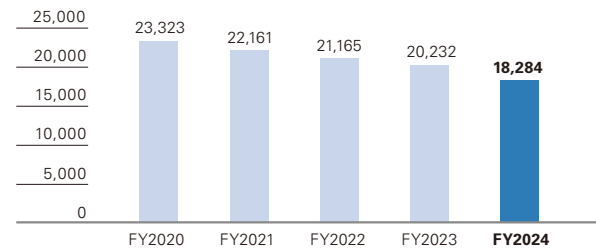
(%)



■ EBITDA (left axis) ● EBITDA Margin (right axis)

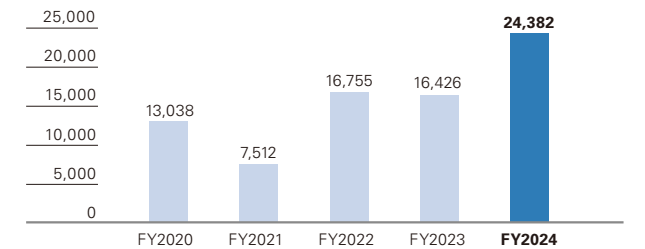
Depreciation and Amortization

(Millions of yen)



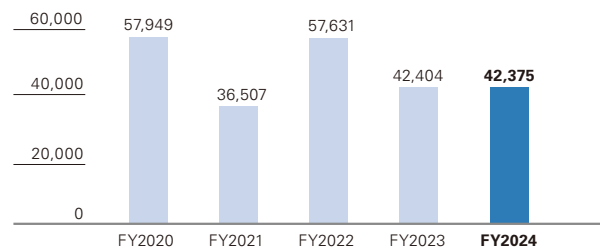
Capital Expenditures

(Millions of yen)



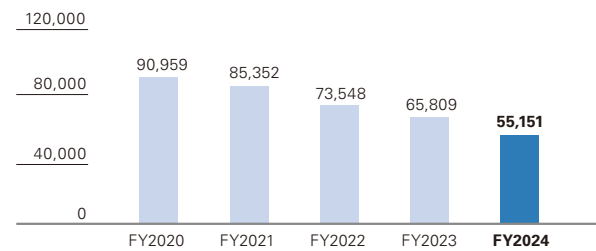
Cash Flows from Operating Activities

(Millions of yen)



Interest-Bearing Debt

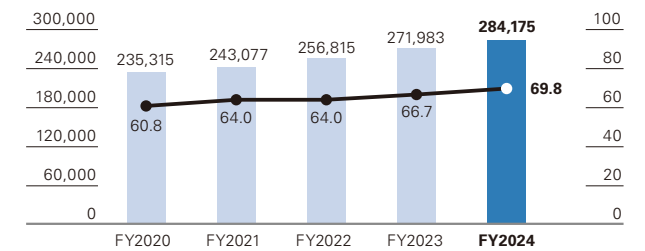
(Millions of yen)



Net Assets / Equity Ratio

(Millions of yen)

(%)

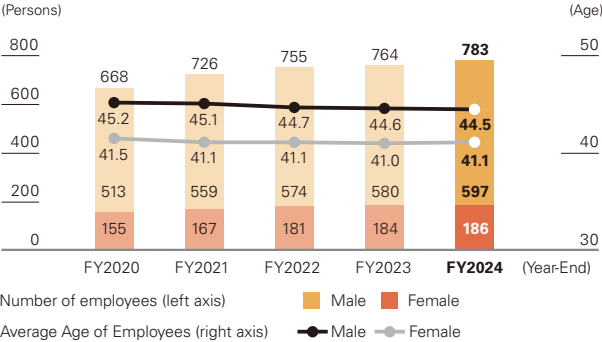


■ Net Assets (left axis) ● Equity Ratio (right axis)

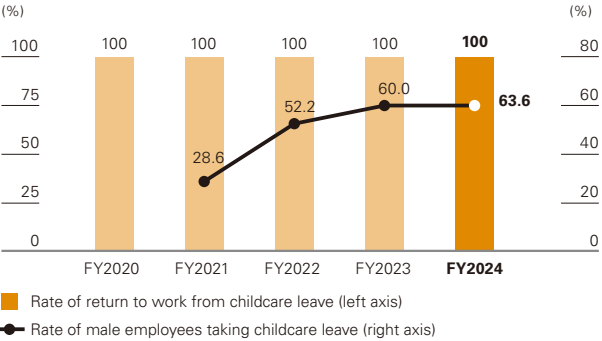
Non-Financial Highlights

(SKY Perfect JSAT Corporation only)

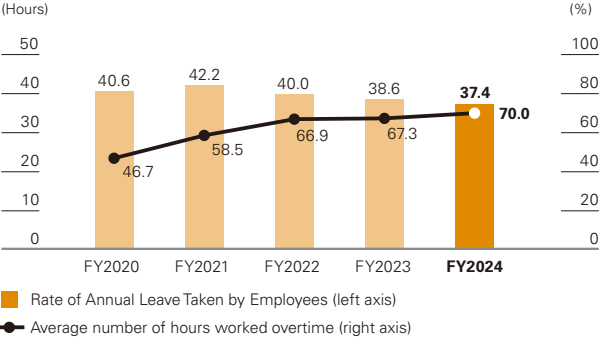
Number of Employees and Average Age of Employees



Rate of Return to Work from Childcare and Rate of Male Employees Taking Childcare Leave

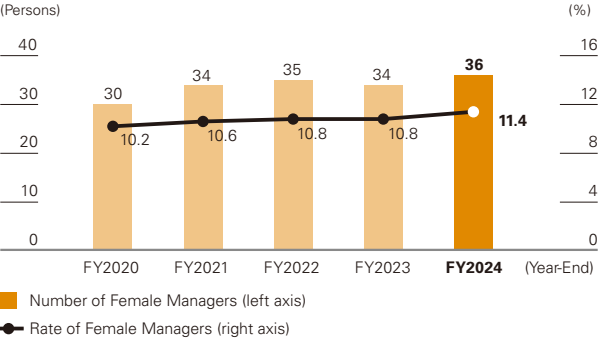


Rate of Annual Leave Taken by Employees and Average Number of Hours Worked overtime

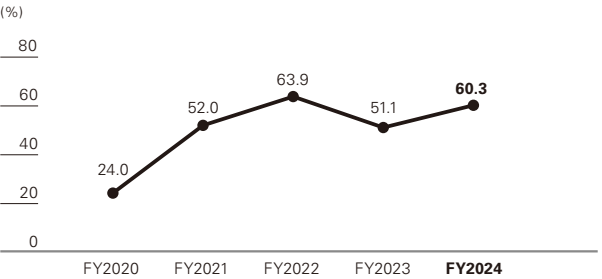


GJ (gigajoule: unit of energy), t-CO₂ (tonne weight: weight indication for the amount of energy used converted on a CO₂ basis)
Scope 1: Greenhouse gas (GHG) emissions released directly into the atmosphere at the GHG emissions source
Scope 2: CO₂ emissions from electricity purchased from a third party, electricity generated from heat, and the heat generation stage (Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ministry of the Environment/ Ministry of Economy, Trade and Industry))

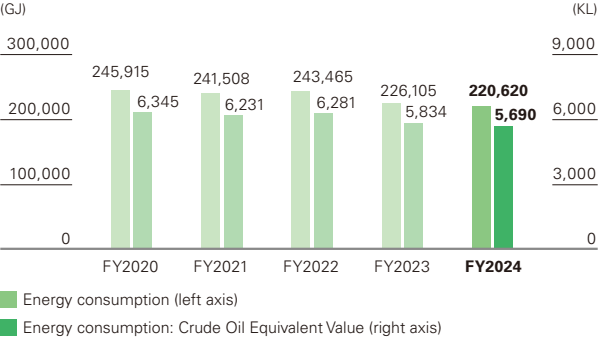
Number and Rate of Female Managers



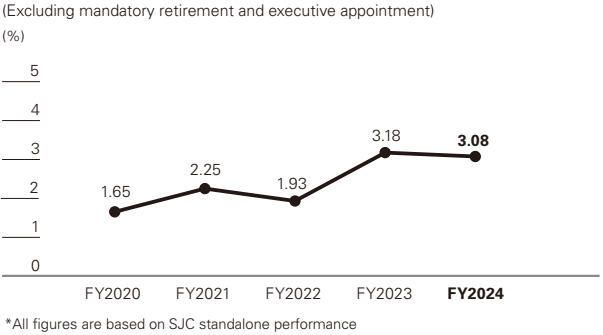
Rate of Mid-career Recruitment



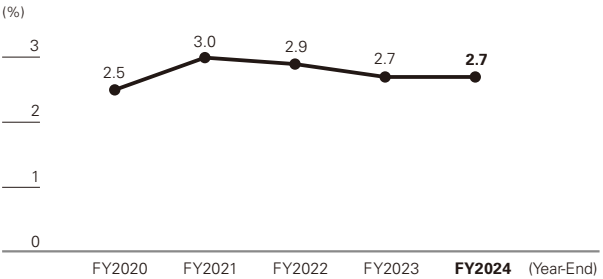
Energy Consumption



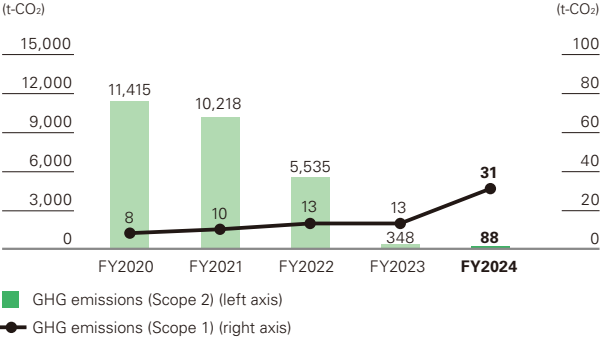
Turnover Rate Trends



Rate of Disabled in the Workforce



GHG Emissions

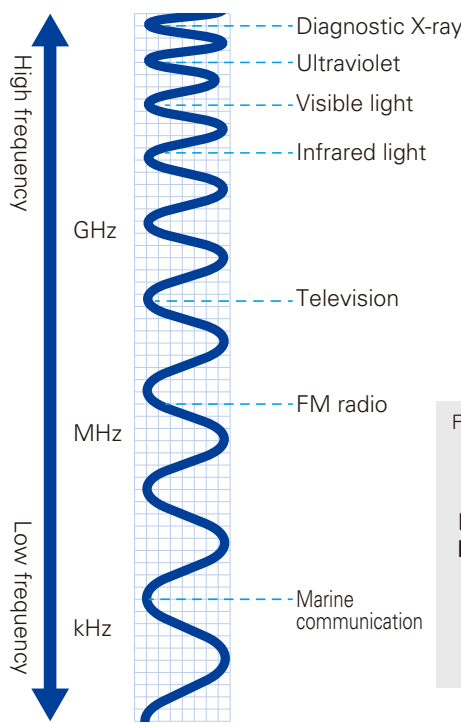
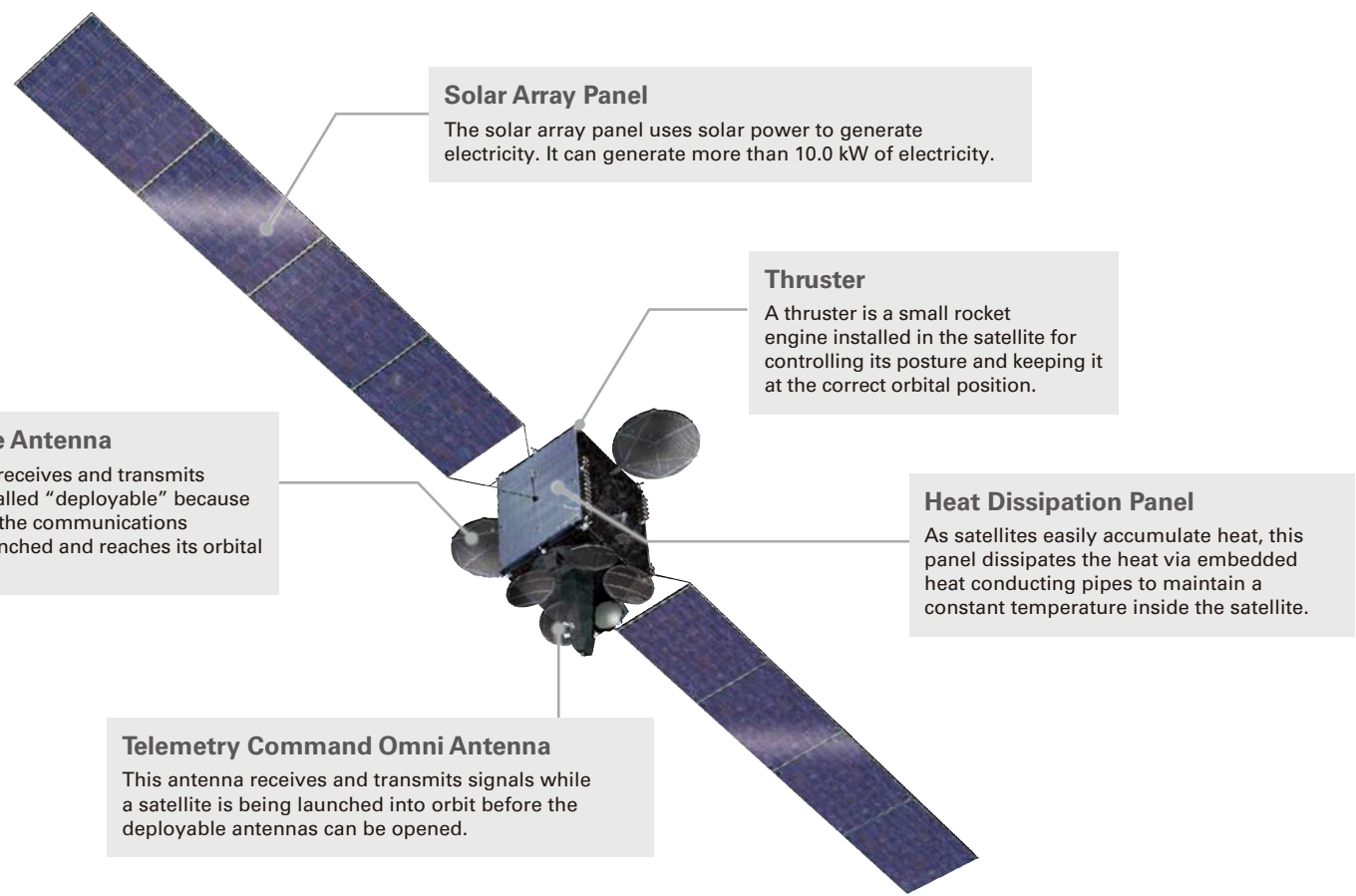


► Click here for more details https://www.skyperfectjsat.space/en/sustainability/library/data_e/

Satellite Basics

Geostationary communications satellite's main components

Although the length of geostationary communications satellite varies by type, they are generally considered to be about 25 meters long.



Frequencies commonly used for satellite communications

| | |
|-----------|------------|
| Ka | 17.3-31 |
| Ku | 10.6-15.7 |
| X | 7.075-8.5 |
| C | 3.4-7.075 |
| S | 1.71-2.7 |
| L | 1.215-1.71 |

(GHz)

Types of radio frequencies used by communications satellites

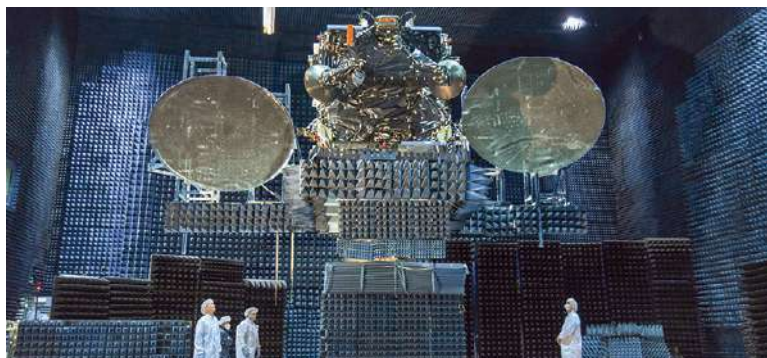
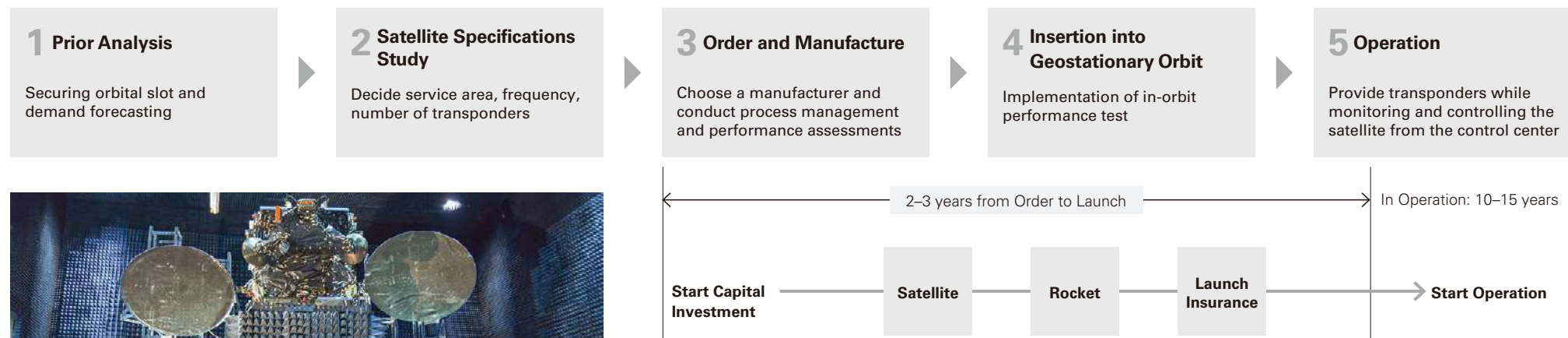
The signals used generally in Japan for satellite communications are called Ku band and the C band.

C band (frequency range 3.4-7.075GHz: uses a frequency range of 3.4-4.2GHz for downlink and 5.8-6.7GHz for uplink) has been widely used ever since satellite communications started because it is less affected by rain. However, it requires a large antenna to catch the signals because the frequencies are low. On the other hand, since Ku band (frequency range 10.6-15.7GHz:uses a frequency range of 12.25-12.75GHz for downlink and 14.0-14.5 GHz for uplink) can be received even with a small antenna, it suits SKY PerfectTV!'s broadcasts and domestic communications. The signals can certainly be received with a small antenna, but they are weakened when they collide with waterdrops in the air and are sometimes adversely affected during heavy rains and other weather conditions. In recent years, the use of Ka band (frequency range: 17.3-31GHz) has started to spread for large-capacity communications because this band is widely allocated for satellite communications.

Apart from these, the X band (frequency range 7.075-8.5GHz) is used mainly for military communications and weather and Earth observation satellites.

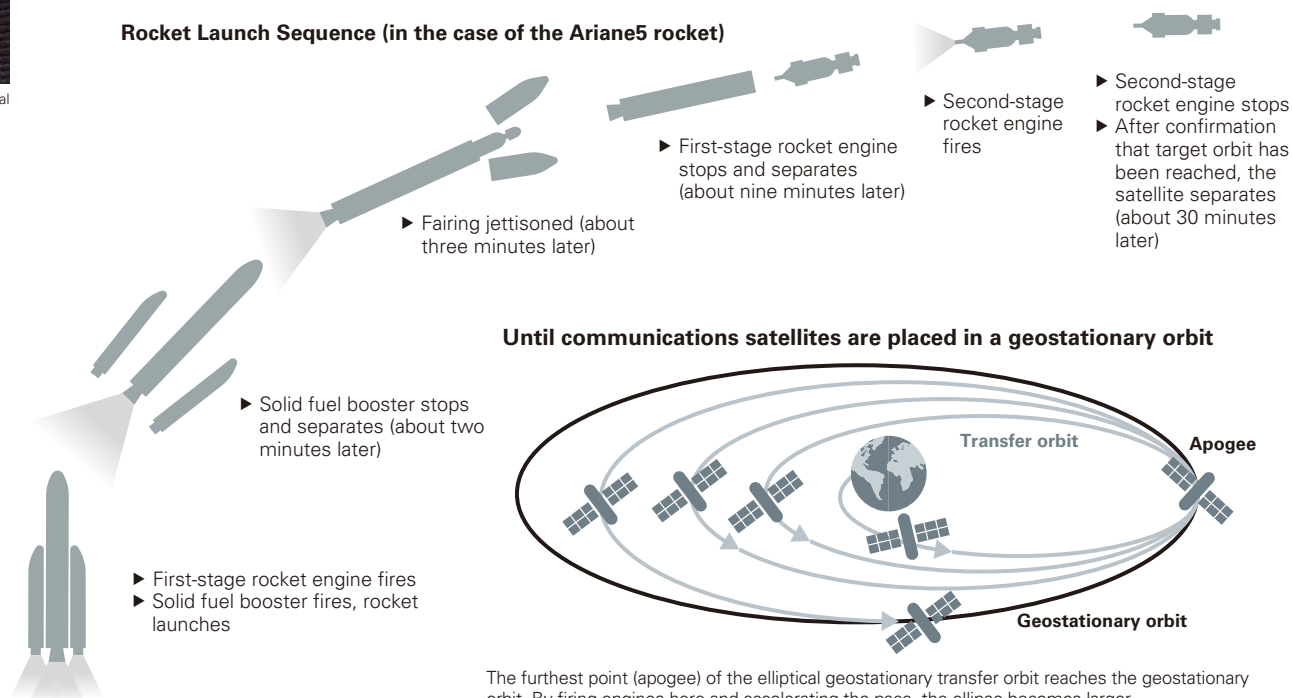
Satellite Basics

From procurement to operation of geostationary communication satellites



JCSAT-110A Satellite Test Space Systems Loral

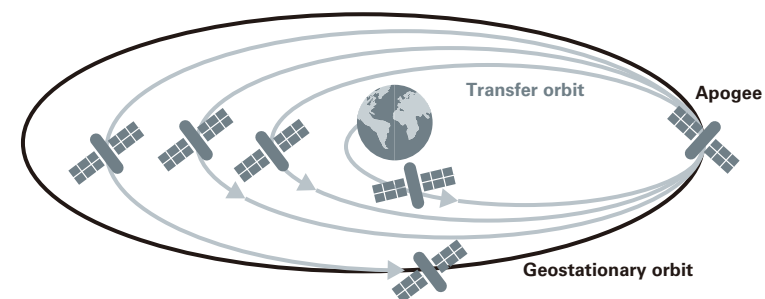
Rocket Launch Sequence (in the case of the Ariane5 rocket)



The Cost of Procuring and Launching a Satellite is Between about ¥20.0 billion to ¥50.0 billion and the Depreciation Period is generally 15 years.

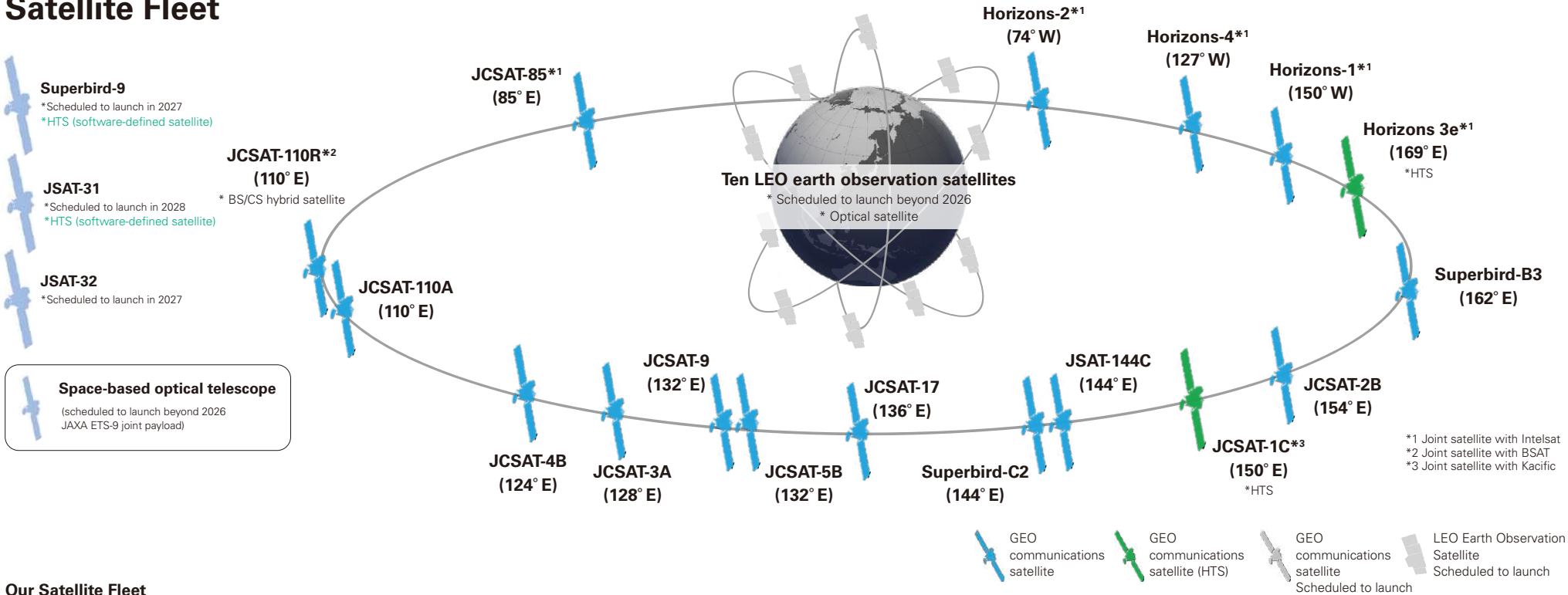
The process of launching a communications satellite begins with forecasting demand in the coverage area and acquiring an orbital position. Satellite specifications are then discussed, an order is placed with the manufacturer, and the satellite is manufactured. After that, a launch service is selected, and the satellite is launched into a geostationary orbit about 36,000 km above the equator after a preparation stage lasting two to three years. The procurement and launch costs are capitalized at about 20–50 billion yen per satellite. Then, depreciation is calculated for its life period of about 15 years. SKY Perfect JSAT Corporation also covers the satellite launches with insurance in preparation for launch failures.

Until communications satellites are placed in a geostationary orbit



The furthest point (apogee) of the elliptical geostationary transfer orbit reaches the geostationary orbit. By firing engines here and accelerating the pace, the ellipse becomes larger. Communications satellites can be placed in a geostationary orbit after three to four accelerations.

Satellite Fleet



Our Satellite Fleet

| | Used primarily for Broadcasting Service | | | Used for Broadcasting / Communications Service | | | Used primarily for Communications Service | | | |
|-------------------|---|------------------|------------------|--|------------------|------------------|---|---------------|---------------|--------------------|
| | JCSAT-110A | JCSAT-110R | JCSAT-4B | JCSAT-3A | JCSAT-9 | JCSAT-5B | JCSAT-17 | Superbird-C2 | JSAT-144C | JCSAT-1C |
| Orbital position | 110°E | 110°E | 124°E | 128°E | 132°E | 132°E | 136°E | 144°E | 144°E | 150°E |
| Launch date (JST) | Dec. 22, 2016 | Aug. 7, 2011 | May 16, 2012 | Aug. 12, 2006 | Apr. 13, 2006 | Aug. 22, 2009 | Feb. 19, 2020 | Aug. 15, 2008 | Aug. 14, 2016 | Dec. 17, 2019 |
| Launch vehicle | Ariane 5 | Ariane 5 | Ariane 5 | Ariane 5 | Zenit-3SL | Ariane 5 | Ariane 5 | Ariane 5 | Falcon 9 | Falcon 9 |
| Satellite bus | SSL1300 | Lockheed A2100AX | Lockheed A2100AX | Lockheed A2100AX | Lockheed A2100AX | Lockheed A2100AX | LM2100 | MELCO DS2000 | SSL1300 | Boeing 702MP [HTS] |

| | Used primarily for Communications Service | | | | | | |
|-------------------|---|--------------|--------------------|--------------|--------------|---------------|---------------|
| | JCSAT-2B | Superbird-B3 | Horizons 3e | Horizons-1 | Horizons-4 | Horizons-2 | JCSAT-85 |
| Orbital position | 154°E | 162°E | 169°E | 150°W | 127°W | 74°W | 85°E |
| Launch date (JST) | May 6, 2016 | Apr. 6, 2018 | Sep. 26, 2018 | Oct. 1, 2003 | Aug. 3, 2023 | Dec. 22, 2007 | Dec. 1, 2009 |
| Launch vehicle | Falcon 9 | Ariane 5 | Ariane 5 | Zenit-3SL | Falcon 9 | Ariane 5 | Zenit-3SL |
| Satellite bus | SSL1300 | MELCO DS2000 | Boeing 702MP [HTS] | Boeing 601HP | Maxar 1300 | Orbital STAR2 | Orbital STAR2 |

Materiality (Targets and KPI)

Coverage

*1 SKY Perfect JSAT Corporation

*2 The Company and its domestic consolidated subsidiaries

| Material Issues and Themes | Material Issues (Materiality) | Long-term | | Short term | |
|--|---|---|---|--|--|
| | | Long-term targets (Vision for 2030) | KPI | Short-term targets | KPI |
| (1) Building resilient broadcasting and communications infrastructure, eliminating the digital divide | (1)-1 Provision of broadcasting and communication infrastructure to all areas and environments | By providing highly reliable connectivity to everything and everywhere on earth at all times, we create an environment where people are enabled to access information more freely | <ul style="list-style-type: none"> Bandwidth used by geostationary satellites Serious service interruptions* <p>*serious service interruption: in accordance with Article 58 of the Telecommunications Business Act</p> | <ul style="list-style-type: none"> Expand the bandwidth used by the geostationary satellite fleet from the end of the previous fiscal year Expand satellite communication services including satellites outside the company Retain serious service interruptions* to zero every year <p>*serious service interruption: in accordance with Article 58 of the Telecommunications Business Act</p> | <ul style="list-style-type: none"> Bandwidth of our satellite fleet Number of satellite service (ship) contracts with business partners Serious service interruptions |
| | | | — | Increase the cumulative number of households connected to the fiber-optic re-transmission service to 2,956,000 by 2026 (end of FY2025) | Cumulative number of households connected to the fiber-optic re-transmission service |
| | (1)-2 Supporting BCP and relief recovery through the provision of disaster-resilient broadcasting and communications infrastructure | Contribute to enhance disaster resilience by providing a robust communications network to protect life, the economy, and livelihoods from various disasters | Bandwidth used by the satellites we own (including non-geostationary satellites and HAPS) | <ul style="list-style-type: none"> Expand the bandwidth used by the geostationary satellite fleet from the end of the previous fiscal year Develop and expand services that are effective for disaster countermeasures, including those other than owned satellites Expand disaster resilience partnerships with disaster prevention support organizations and companies | Bandwidth of our satellite fleet |
| | (1)-3 Initiatives toward building a universal NTN™ (Non-Terrestrial Network)* ¹ | Create a world connected anytime, anywhere by building a multi-layered communication network | — | Promote partnerships with business development partners | Business Development Progress |
| (2) Enriching life through a diversity of content | (2)-1 Providing diverse content via broadcasting, distribution, and various customer touchpoints | Realize an integrated media platform that expands people's values with various contents and services | — | Enrich the content of satellite broadcasting and distribution services and provide opportunities for people to enjoy the content | Cumulative number of broadcast and distribution contracts |
| | (2)-2 Promotion of content distribution by supporting entry of diverse content holders | Support content distribution for various content holders to promote encounters between people and content | <ul style="list-style-type: none"> Number of new customers in the Media Solution Business Realization of utilization of program information and value-added metadata in and out of broadcasting areas | <ul style="list-style-type: none"> Provide content providers with studio functions, content transmission, and distribution functions at SKY Perfect Tokyo Media Center as services to promote diverse content distribution Content database (LYNKS) to realize the operational efficiency of program information operations for broadcasters and promote the creation of an ecosystem for program information distribution | <ul style="list-style-type: none"> Increase in new customers in the Media Solution Business Number of channels eligible for operational efficiency of program information operations |

Materiality (Targets and KPI)

Coverage

*1 SKY Perfect JSAT Corporation

*2 The Company and its domestic consolidated subsidiaries

| Material Issues and Themes | Material Issues (Materiality) | Long-term | | Short term | |
|---|---|--|---|--|---|
| | | Long-term targets (Vision for 2030) | KPI | Short-term targets | KPI |
| (3) Contributing to the environment to realize a decarbonized society and circular economy | (3)-1 Addressing climate change, including reducing CO ₂ emissions in our group's operations | Continue to achieve carbon neutrality for Scope 1 and 2, reduce Scope 3 emissions, and advance mitigation and adaptation to climate change | GHG emissions | <ul style="list-style-type: none"> • Achieve Scope 1 and 2 carbon neutrality in FY2025 • Continue to calculate Scope 3 at major Group companies and set reduction targets for Scope 3 as a whole | <ul style="list-style-type: none"> • GHG emission • Ratio of renewable energy use |
| | (3)-2 Support reduction of CO ₂ emissions via satellite services*2 | Provide businesses and services that contribute to reduction of CO ₂ emissions to contribute to the decarbonized society | — | Promote the development of businesses and services that contribute to CO ₂ reduction | Progress in the development of businesses and services that contribute to CO ₂ reduction |
| | (3)-3 Appropriate disposal of industrial waste and promotion of 3Rs (reduce, reuse, recycle)*2 | Reduce the amount of waste by promoting proper disposal, reuse, and recycling of waste | Total amount of waste generated | <ul style="list-style-type: none"> • Aggregate waste emissions and disclose results • Promotion of Group-wide recycling activities and initiatives | Total amount of waste generated |
| (4) Improving the space environment | (4)-1 Initiatives to remove space debris | Contribute to the maintenance and improvement of a clean space environment | — | <ul style="list-style-type: none"> • Promote technology research and development • Promotion of Space Situation Awareness (SSA) | Progress of technical research |
| (5) Promoting innovation which contributes to the environment and society | (5)-1 Development and promotion of remote sensing data service | Contribute to improving the global environment, creating a safe and secure society, by promoting our remote sensing data service | Number of specific use cases of remote sensing data service | <ul style="list-style-type: none"> • Expand the use cases of remote sensing • Expand partnerships with Earth observation (EO) operators, data analysis platform operators, and data user operators | <ul style="list-style-type: none"> • Specific use cases of remote sensing • Partnering status |
| | (5)-2 Creating new value through upgrades in broadcasting and communication, technological development, and other initiatives | Contribute to the growth of society by continuing to provide new businesses and services | — | <ul style="list-style-type: none"> • Promote the creation and co-creation of new businesses in the space business • We will continue to introduce new services that increase customer value in the media business every year | Specific examples of new businesses/services |
| (6) Promoting partnerships | (6)-1 Facilitating the exchange of human resources and technology, transferring knowledge with partner companies, and participating in collaborative projects and initiatives | — | — | — | — |

Materiality (Targets and KPI)

Coverage

*1 SKY Perfect JSAT Corporation

*2 The Company and its domestic consolidated subsidiaries

| Material Issues and Themes | Material Issues (Materiality) | Long-term | | Short term | |
|---|---|--|--|--|--|
| | | Long-term targets (Vision for 2030) | KPI | Short-term targets | KPI |
| (7) Building a robust foundation for management | (7)-1 Enhancement of corporate governance | Strengthen the management function and supervisory function of the Board of Directors, and constantly pursue systems with a high degree of diversity and effectiveness | — | <ul style="list-style-type: none"> Comply with the Corporate Governance Code Reduce the number of serious compliance violations to zero (continued from the previous fiscal year) | Number of Serious Compliance Violations |
| | (7)-2 Proactive and responsible dialogue and disclosure to stakeholders | Conduct appropriate dialogue and disclosure, and continue to build relations of trust with stakeholders | — | <ul style="list-style-type: none"> Enhancement of disclosure content and disclosure of dialogue results for each stakeholder Conduct assessments on a total of 60% of SKY Perfect JSAT Co., Ltd.'s primary suppliers | Number of assessments conducted |
| | (7)-3 Information security and protection of personal information | Maintain zero serious violations and information leaks | Number of serious violations and information leaks | <ul style="list-style-type: none"> Maintain ISMS and P-Mark certification every year Strengthen cybersecurity | — |
| | (7)-4 Respect for human rights | The concept of respect for human rights is widespread, and the efforts described in the policy are being implemented | — | <ul style="list-style-type: none"> Continue to operate human rights due diligence and expand the implementation of measures Continuous training for employees | Human Rights Training Attendance Rate |
| (8) Active participation of diverse human resources | (8)-1 Acquiring and training personnel capable of responding to environmental changes and promoting transformation* ¹ | Create an environment in which each individual can independently develop their skills, and produce human resources who will be the driving force for change, growth, and improvement that support management strategies | Labour productivity (per-capita profit) | <ul style="list-style-type: none"> Proactive skill development using skill maps is progressing, and skill (basic, management) scores are improving Measures and efforts to increase intrinsic motivation have led to a change in employee consciousness and an increase in pool human resources | <ul style="list-style-type: none"> Basic skills and management skills scores Number of pool personnel |
| | (8)-2 Creating a comfortable and safe organization that empowers employees by advancing Diversity, Equity, and Inclusion (DE&I)* ¹ | <ul style="list-style-type: none"> Realize a diverse environment (aim for a ratio of female managers to be equivalent to the male and female composition of employees) Establish a work environment and systems that protect psychological safety and allow each employee to demonstrate their abilities while recognizing diversity | <ul style="list-style-type: none"> Ratio of female managers Engagement indicators | <ul style="list-style-type: none"> By creating an environment where everyone can work comfortably and revitalizing communication, understanding of diverse values and work styles has spread, and engagement has improved Maintain a 100% return to work rate for childcare leave Increase the rate of male childcare leave taken compared to the previous year | <ul style="list-style-type: none"> Engagement indicators Childcare leave return rate Male childcare leave acquisition rate |
| | (8)-3 Promoting health and productivity management* ¹ | Set an environment that each executive and employee is able to demonstrate high performance by working in good health and vigor | <ul style="list-style-type: none"> To be selected as White 500 of Outstanding Organization of KENKO Investment for Health Labor productivity (per-capita profit) | <ul style="list-style-type: none"> Achieve a 100% statutory checkup rate Improve the percentage of high-stress people from the previous year Consider and implement measures to optimize working hours | <ul style="list-style-type: none"> Statutory checkup rate Percentage of high-stress people Improvement of deviation values in health management surveys |
| (9) Development of local areas and communities | (9)-1 Social contribution, such as next-generation education and development of local communities | Utilizing assets to contribute to next-generation education and regional revitalization | — | Continue, plan, and promote social contribution activities using assets | Number of measures to promote social contribution and regional revitalization |

Stock Information/External Evaluations

Basic Information (As of March 31, 2025)

| | |
|--|--|
| Total number of shares authorized to be issued | 1,450,000,000 shares* |
| Number of shares issued | 297,681,264 shares |
| Fiscal year-end | March 31 |
| Annual General Meeting of Shareholders | June |
| Transfer Agent of Common Stock | Mizuho Trust & Banking Co., Ltd., 1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241, Japan |
| Stock Listing | Prime Market, Tokyo Stock Exchange (Code 9412) |

* The Company conducted a 100-for-1 common stock split effected on October 1, 2013

Major Shareholders (As of March 31, 2025)

| | Number of shares held | Shareholding ratio |
|--|-----------------------|--------------------|
| ITOCHU Fuji Partners, Inc. | 76,568,800 | 27.02% |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 28,208,200 | 9.95% |
| NTT Communications Corporation | 26,057,000 | 9.20% |
| Nippon Television Network Corporation | 20,891,400 | 7.37% |
| TBS HOLDINGS, INC. | 18,434,000 | 6.51% |
| Custody Bank of Japan, Ltd. (Trust account) | 12,952,400 | 4.57% |
| BNYM AS AGT/CLTS 10 PERCENT | 4,440,967 | 1.57% |
| Central Tanshi Co., Ltd. | 3,163,300 | 1.12% |
| DFA INTL SMALL CAP VALUE PORTFOLIO | 2,834,700 | 1.00% |
| Dentsu Group Inc. | 2,500,000 | 0.88% |


*1 As of March 31, 2025, we own 14,323,086 shares of treasury stock, which is excluded from the above list of major shareholders. The shareholding ratio is calculated after deducting treasury stock.

*2 On July 18, 2025, we disposed of 84,365 shares of treasury stock as restricted stock compensation.


Breakdown by Shareholder Category (As of March 31, 2025)

| | Number of shareholders | % of total | | Number of shares held | % of total |
|-----------------------------|------------------------|------------|-----------------------------|-----------------------|------------|
| Financial institutions | 24 | 0.06% | Financial institutions | 46,282,400 | 15.55% |
| Securities firms | 38 | 0.10% | Securities firms | 5,068,337 | 1.70% |
| Other Japanese corporations | 255 | 0.66% | Other Japanese corporations | 155,970,500 | 52.40% |
| Foreigners | 347 | 0.90% | Foreigners | 53,123,572 | 17.85% |
| Individuals and others | 37,913 | 98.28% | Individuals and others | 22,913,369 | 7.70% |
| Treasury stock | 1 | 0.00% | Treasury stock | 14,323,086 | 4.81% |


External Evaluations (As of August 31, 2025)



FTSE Blossom Japan




2024 CONSTITUENT MSCI Nihonkabu ESG SELECT LEADERS INDEX




MSCI ESG RATINGS AA


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S&P/JPX Carbon Efficient Index




Gomez IR Site Ranking Silver Award in overall ranking 2024




NCDP Discloser 2024




2021年認定 日興アイ・アール 総合部門




2024 企業ホームページ 最優秀サイト




Nikko Investor Relations Co., Ltd. All Markets Ranking AAA Website



2025 健康経営優良法人 KENKO Investment for Health



TW100 Teletwork Pioneer



Internet IR Commendation Award 2024 Daiwa Investor Relations

Daiwa Investor Relations Co., Ltd. Internet IR Commendation Award 2024

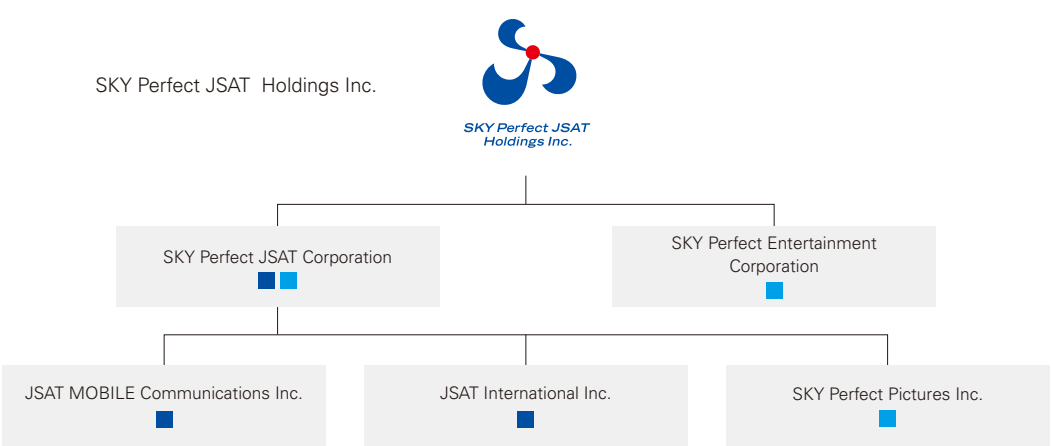
Corporate Information






Corporate Information

| | |
|---|---|
| Corporate Name | SKY Perfect JSAT Holdings Inc. |
| Headquarters | 8-1, Akasaka 1-chome, Minato-ku, Tokyo 107-0052, Japan |
| Telephone | +81-3-5571-1500 |
| URL | https://en.skyperfectjsat.space/ |
| Established | April 2, 2007 |
| Number of Employees (Consolidated) | 819 (As of March 31, 2025) |
| Capital | ¥10,172 million (As of March 31, 2025) |
| Stock Listing | Prime Market, Tokyo Stock Exchange (Code 9412) |
| Number of Shares Issued | 297,681,264 |
| Total Number of Shareholders | 38,578 |
| Fiscal Year-End | March 31 |
| Annual General Meeting of Shareholders | June |
| Payment of Dividends (Dividend Record Date) | March 31 (and September 30 for interim dividends) |
| Transfer Agent of Common Stock | Mizuho Trust & Banking Co., Ltd. |

List of Major Group Companies (As of March 31, 2025)

■ Space Business ■ Media Business



| | Corporate Name | Capital | Principal Activities | Ownership |
|---|--|-----------------|---|-----------|
|  | SKY Perfect JSAT Corporation ■ ■ | ¥50,083 million | Space Business and Media Business | 100.0% |
|  | SKY Perfect Entertainment Corporation ■ | ¥10 million | Licensed broadcaster providing multichannel pay TV services via CS-110/124/128 degrees platform | 100.0% |
|  | SKY Perfect Pictures Inc. ■ | ¥100 million | Anime content planning, production investment, distribution, and related businesses | 83.0% |
|  | JSAT MOBILE Communications Inc. ■ | ¥200 million | A provider of mobile satellite communications services | 53.3%* |
|  | JSAT International Inc. ■ | US\$25 million | Sale of satellite connections in North America, and Asia-Pacific | 100.0% |

* The percentage of voting rights held is based on indirect ownership.

Consolidated Financial Highlights

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Years ended March 31

| | Millions of yen, except Per Share Data and Selected Financial Indicators | | | | | | | | | | Thousands of U.S. dollars, except Per Share Data (Note 1) |
|---|--|-----------|-----------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (Note 6) | 2023 | 2024 | 2025 | 2025 |
| For the Year: | | | | | | | | | | | |
| Revenues | ¥ 162,906 | ¥ 192,876 | ¥ 145,502 | ¥ 164,015 | ¥ 139,542 | ¥ 139,572 | ¥ 119,633 | ¥ 121,140 | ¥ 121,873 | ¥ 123,722 | \$ 827,403 |
| Cost of Services | 101,640 | 130,594 | 92,202 | 111,316 | 90,188 | 87,047 | 68,303 | 69,058 | 66,690 | 66,395 | 444,025 |
| Selling, General, and Administrative Expenses | 37,056 | 37,848 | 37,648 | 37,408 | 34,091 | 33,373 | 32,467 | 29,758 | 28,637 | 29,838 | 199,543 |
| Operating Profit | 24,210 | 24,434 | 15,652 | 15,291 | 15,263 | 19,152 | 18,863 | 22,324 | 26,546 | 27,489 | 183,835 |
| Profit before Income Taxes | 24,292 | 24,297 | 17,244 | 15,515 | 15,492 | 19,888 | 20,276 | 23,123 | 26,259 | 27,938 | 186,837 |
| Profit Attributable to Owners of the Parent | 16,868 | 17,415 | 11,353 | 9,682 | 12,027 | 13,345 | 14,580 | 15,810 | 17,739 | 19,106 | 127,775 |
| Comprehensive Income | 11,209 | 17,870 | 11,415 | 9,764 | 11,832 | 11,687 | 16,424 | 18,930 | 26,222 | 17,872 | 119,523 |
| EBITDA (Note 2) | 46,670 | 47,725 | 43,033 | 40,743 | 41,531 | 45,268 | 44,179 | 45,562 | 47,971 | 47,362 | 316,739 |
| Depreciation and Amortization | 20,694 | 21,541 | 23,494 | 22,514 | 23,317 | 23,323 | 22,161 | 21,165 | 20,232 | 18,284 | 122,274 |
| Amortization of Goodwill | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 67 | — | — | — |
| Capital Expenditures | 26,266 | 16,177 | 15,940 | 23,834 | 19,533 | 13,038 | 7,512 | 16,755 | 16,426 | 24,382 | 163,059 |
| Cash Flows from Operating Activities | 24,806 | 7,030 | 22,546 | 25,898 | 28,880 | 57,949 | 36,507 | 57,631 | 42,404 | 42,375 | 283,389 |
| Cash Flows from Investing Activities | (28,804) | (22,883) | (27,213) | (33,469) | (20,826) | (11,358) | (7,737) | (16,870) | (15,385) | (25,776) | (172,382) |
| Free Cash Flows (Note 3) | (3,998) | (15,853) | (4,667) | (7,571) | 8,054 | 46,591 | 28,770 | 40,761 | 27,019 | 16,599 | 111,007 |
| Cash Flows from Financing Activities | 18,587 | 13,469 | 4,866 | 9,362 | (12,516) | (16,879) | (16,405) | (19,423) | (21,099) | (16,743) | (111,972) |
| At Year-End: | | | | | | | | | | | |
| Cash and Cash Equivalents | ¥ 48,558 | ¥ 46,151 | ¥ 46,305 | ¥ 48,090 | ¥ 43,603 | ¥ 73,194 | ¥ 85,914 | ¥ 107,909 | ¥ 114,322 | ¥ 114,516 | \$ 765,840 |
| Total Assets | 319,224 | 359,485 | 359,344 | 376,102 | 378,367 | 385,568 | 378,167 | 399,055 | 405,411 | 403,414 | 2,697,880 |
| Interest-Bearing Debt | 64,138 | 82,753 | 92,767 | 108,086 | 102,443 | 90,959 | 85,352 | 73,548 | 65,809 | 55,151 | 368,830 |
| Net Assets | 200,512 | 213,909 | 219,635 | 224,015 | 228,943 | 235,315 | 243,077 | 256,815 | 271,983 | 284,175 | 1,900,454 |
| | | | | | | | | | | Yen | U.S. dollars |
| Per Share Data (Yen and U.S. dollars) | | | | | | | | | | | |
| Earnings Per Share | ¥ 55.39 | ¥ 58.64 | ¥ 38.22 | ¥ 32.60 | ¥ 40.49 | ¥ 44.92 | ¥ 49.52 | ¥ 54.44 | ¥ 61.69 | ¥ 67.44 | \$ 0.45 |
| Total Equity Per Share | 661.80 | 709.14 | 729.48 | 745.26 | 767.69 | 788.27 | 833.58 | 879.33 | 953.99 | 993.48 | 6.64 |
| Dividends Per Share | 14.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 20.00 | 21.00 | 27.00 | 0.18 |
| | | | | | | | | | | % | |
| Selected Financial Indicators (%) | | | | | | | | | | | |
| Operating Margin | 14.9 | 12.7 | 10.8 | 9.3 | 10.9 | 13.7 | 15.8 | 18.4 | 21.8 | 22.2 | |
| EBITDA Margin | 28.6 | 24.7 | 29.6 | 24.8 | 29.8 | 32.4 | 36.9 | 37.6 | 39.4 | 38.3 | |
| Equity Ratio (Note 5) | 61.6 | 58.6 | 60.3 | 58.9 | 60.3 | 60.8 | 64.0 | 64.0 | 66.7 | 69.8 | |
| ROE (Note 6) | 8.6 | 8.3 | 5.2 | 4.4 | 5.3 | 5.7 | 6.0 | 6.2 | 6.6 | 6.8 | |
| Dividend Payout Ratio | 25.3 | 30.7 | 47.1 | 55.2 | 44.4 | 40.1 | 36.3 | 36.7 | 34.0 | 40.0 | |

Notes: 1. U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.53 to \$1, the approximate rate of exchange at March 31, 2025.

2. EBITDA is calculated using the following formula: Profit Attributable to Owners of the Parent + Income Taxes + Depreciation and Amortization + Amortization of Goodwill + Interest Expense.

3. Free Cash Flows are calculated using the following formula: Cash Flows from Operating Activities + Cash Flows from Investing Activities.

4. Non-controlling interests are excluded from equity in calculating Equity Ratio.

5. Non-controlling interests are excluded from equity in calculating ROE.

6. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards are applied from the fiscal year ended March 31, 2022.

Financial position and results of operation for the fiscal year ended March 31, 2022, onwards are presented in figures after applying the said Accounting Standard, etc.

Management’s Discussion and Analysis

Operating Environment

The Japanese economy gradually recovered during the fiscal year ended March 31, 2025, as employment and income conditions improved.

As for the operating environment for SKY Perfect JSAT Group (the “Group”; consists of the Company and its subsidiaries and affiliated companies), the space-related market witnessed an expansion in demand for the mobile satellite communications for aircraft, as well as utilization of satellite data in areas such as national security and disaster prevention and mitigation. Meanwhile, the business environment has been undergoing substantial changes, including the full-scale launch of a communications service using large low earth orbit satellite constellations, as well as intensifying prices and service competition.

In the media-related market, the market environment continues to be difficult, with the intensification of competition with video streaming services to acquire content and customers. On the other hand, market opportunities are expanding due to the spread of new viewing devices and the diversification of media consumption, such as online live events in addition to real-life events.

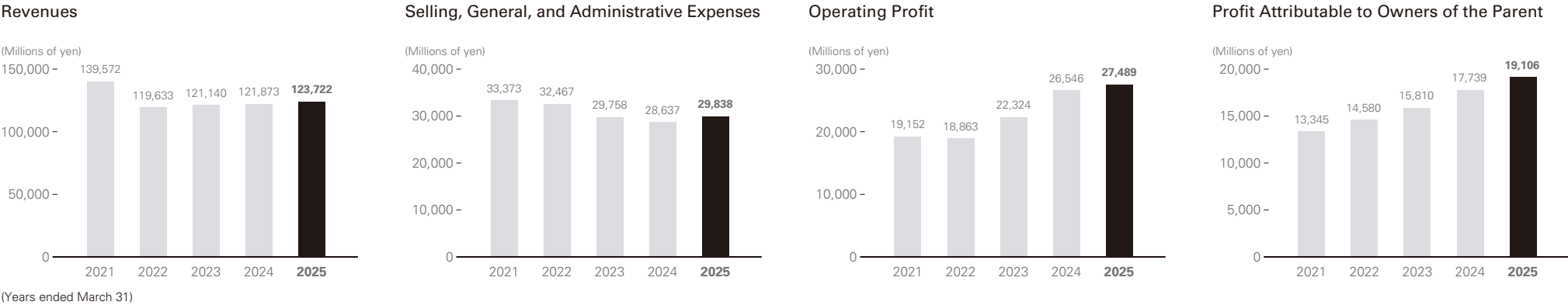
Performance Overview

Given these conditions, the consolidated financial results of the Group for the fiscal year ended March 31, 2025 were as follows.

| Category | Previous fiscal year (millions of yen) | Fiscal year ended March 31, 2025 (millions of yen) | Change (millions of yen) | Change (%) |
|---|---|---|-----------------------------|---------------|
| Operating Revenues | 121,872 | 123,722 | 1,849 | 1.5 |
| Operating Profit | 26,545 | 27,489 | 943 | 3.6 |
| Ordinary profit | 27,128 | 27,291 | 162 | 0.6 |
| Profit before Income Taxes | 26,259 | 27,938 | 1,679 | 6.4 |
| Profit attributable to owners of the parent | 17,739 | 19,106 | 1,367 | 7.7 |

While revenues from subscription fees, service charge, and basic fees in the Media Business decreased by ¥2.3 billion, operating revenue and operating profit increased due to an increase of ¥1.9 billion in revenue in the Space Business from the space intelligence business and exploration areas, as well as an increase of ¥0.8 billion in revenue from the Global & Mobile field.

In addition, while share of loss of entities accounted for using equity method increased by ¥0.8 billion, we recorded a total of ¥0.6 billion in extraordinary income from gains on the sale of investment securities and shares of subsidiaries. Profit attributable to owners of the parent increased due mainly to a decrease of ¥0.9 billion in extraordinary losses compared to the previous fiscal year, when a loss on valuation of investment securities was recorded.



Management’s Discussion and Analysis

Financial Position

Total assets amounted to ¥403.4 billion, a decrease of ¥2.0 billion compared to the end of the previous fiscal year.

Although advances paid increased by ¥2.2 billion due to factors including the procurement of satellite images, current assets decreased by ¥2.7 billion compared to the end of the previous fiscal year, due to factors such as a ¥4.0 billion decrease in trade accounts receivable from the collection of receivables related to the X-band Business.

Property, plant and equipment and intangible assets increased by ¥4.7 billion compared to the end of the previous fiscal year, mainly as a result of a ¥24.4 billion increase from capital expenditures and a ¥18.3 billion decrease from depreciation and amortization.

Investments and other assets decreased by ¥4.0 billion compared to the end of the previous fiscal year, mainly due to the collection of loans related to the Horizons 3e Business.

Total liabilities amounted to ¥119.2 billion, a decrease of ¥14.2 billion compared to the end of the previous fiscal year. The main decreases were a ¥10.7 billion decrease in interest-bearing debt due to the repayment of borrowings related to the X-band and Horizons 3e Businesses, and a ¥1.4 billion decrease in income taxes payable.

Net assets, including non-controlling interests, amounted to ¥284.2 billion, an increase of ¥12.2 billion compared to the end of the previous fiscal year. The main increase was a ¥12.9 billion increase in retained earnings, due to factors such as the recording of profit attributable to owners of the parent.

Liquidity and Capital Resources

Cash Flows

Cash flows from operating activities amounted to net cash provided of ¥42.4 billion (compared to net cash provided of ¥42.4 billion in the previous fiscal year). This was mainly due to profit before income taxes and depreciation and amortization totaling ¥46.2 billion, a ¥4.1 billion decrease in notes and accounts receivable-trade, and income taxes paid of ¥8.8 billion.

Cash flows from investing activities amounted to net cash used of ¥25.8 billion (compared to net cash used of ¥15.4 billion in the previous fiscal year). This was mainly due to the purchase of property, plant and equipment and intangible assets of ¥24.0 billion and the purchase of shares of affiliates of ¥7.3 billion, related to an additional investment in Space Compass Corporation, which was partially offset by proceeds from the collection of loans receivable of ¥4.7 billion related to the Horizons 3e Business.

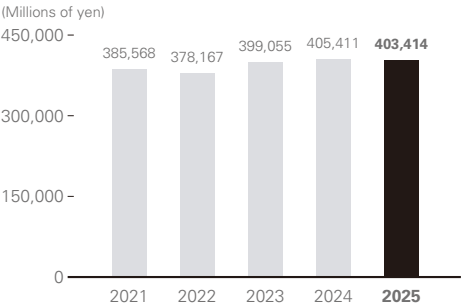
Cash flows from financing activities amounted to net cash used of ¥16.7 billion (compared to net cash used of ¥21.1 billion in the previous fiscal year). This was mainly due to the repayment of long-term loans payable of ¥11.0 billion and cash dividends paid of ¥6.2 billion.

As a result of the above, the balance of cash and cash equivalents at the end of the fiscal year increased by ¥0.2 billion compared to the end of the previous fiscal year, amounting to ¥114.5 billion.

Capital Expenditure

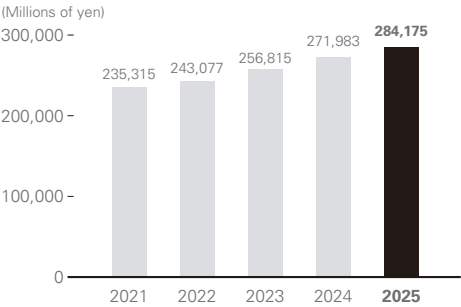
In the fiscal year ended March 31, 2025, the Group made capital expenditures totaling ¥24.4 billion. The spending was allocated mainly to procuring facilities for satellite communications, etc. in the Space Business and upgrading broadcasting and distribution facilities in the Media Business.

Total Assets

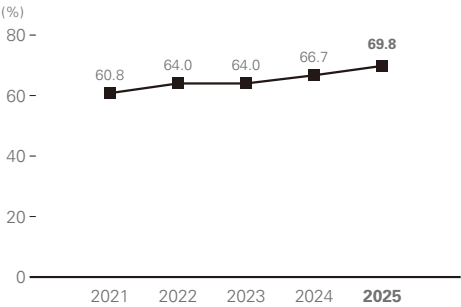


(Years ended March 31)

Total equity



Equity Ratio



Management’s Discussion and Analysis

Finance

There was no new financing during the fiscal year ended March 31, 2025.

Performance Forecasts

In the Space Business, competition is intensifying as the space industry market expands on a global scale, and as new operators enter the space business and communication services using large-scale low-Earth-orbit satellite constellations begin full-scale operation. Furthermore, in light of the recent international situation, the importance of outer space is increasing. In this environment, in our telecommunications-related business, we will aim to strengthen our competitiveness and increase earnings by expanding the provision of high-speed, high-capacity communication services for growth markets, such as in-flight internet access, by leveraging the high-throughput satellites currently in operation and the fully digital satellites planned for future deployment. In the Space Intelligence Business, we will aim to increase earnings by building and owning a low-Earth-orbit satellite constellation, promoting business alliances with Earth observation satellite operators, and strengthening our satellite image sales service. In new business fields, in collaboration with Space Compass Corporation and other partner companies, we will aim to build a communications network using HAPS and an information and communications technology (ICT) infrastructure in space that incorporates optical communication and space computing technologies. By promoting these initiatives, we will expand our business domains and aim for the sustainable growth of the Space Business.

In the Media Business, the market environment is changing drastically due to factors such as the diversification of media consumption and intensified competition with domestic and international video streaming services for content and customer acquisition. We are in a situation where the number of subscribers for our broadcast services will decrease if we rely solely on various measures that are an extension of conventional approaches. In this environment, in order to maintain and expand our subscriber base for our broadcasting and distribution business, it will be important not only to have a lineup of attractive and differentiated content, but also to practice fan-driven marketing tailored to the tastes of fans for each content genre, and to continuously provide a customer experience unique to SKY PerfecTV!. In the Fiber-optic Alliance Business, we will continue to strive to expand sales of our retransmission services for terrestrial digital, BS digital, and other broadcasts provided via optical fiber lines by expanding the service area, including through collaboration with various cable television operators. Meanwhile, to establish new sources of revenue in new business fields, we will promote various initiatives to enhance the fan experience through Web3-related businesses and real-life events in the media and entertainment industry. By promoting these initiatives, we will strive to improve profitability and acquire new revenue.

The total number of subscribers for the three SKY PerfecTV! services in FY2025 is expected to be as shown in the table below.

| | Net increase in number | | Total subscribers | |
|------------------|------------------------|-----------------------|-------------------|-----------------------|
| | IC card | Number of subscribers | IC card | Number of subscribers |
| FY2025 (target)* | (129) | (122) | 2,473 | 1,887 |
| FY2024 | (138) | (125) | 2,602 | 2,010 |

*As of March 2026

The number of households served by fiber-optic re-transmission service is projected to be 2,954,000 (2,861,000 in FY2024).

In terms of consolidated financial results for FY2025, we project revenues of ¥127.6 billion (up 3.1% year on year), operating profit of ¥30.8 billion (up 12.0% year on year), ordinary profit of ¥31.5 billion (up 15.4% year on year), and profit attributable to owners of parent of ¥21.0 billion (up 9.9% year on year).

For FY2025, we project the annual dividend per share to be ¥38.

(Note) The future performance and projections contained within the aforementioned future forecast are based on the Company management’s determinations in light of the currently available information. Actual results may differ from the forecast figures due to a number of factors. If a change in circumstances necessitates revisions to the earnings forecast, we will promptly disclose these revisions.

Dividend Policy and Return to Shareholders

Our Articles of Incorporation include the provision that the Board of Directors can resolve to pay dividends from surpluses, etc., as provided in Article 459, Paragraph 1 of the Companies Act.

In order to further enhance shareholder returns while still focusing on investments for growth, the Company changed its policy for the 19th term and beyond at the Board of Directors meeting held on April 25, 2025, as follows.

In order to realize long-term and comprehensive shareholder returns while also actively pursuing business expansion, our policy is to determine cash dividend amounts for the interim dividend and the year-end dividend twice a year, and to maintain a payout ratio of at least 50% and an annual dividend of not less than ¥38 per share.

| | |
|-------------------------------------|---|
| Before change (18th term) | Payout ratio of at least 30% and annual dividend of at least ¥16 per share |
| After change (19th term and beyond) | Payout ratio of at least 50% and annual dividend of not less than ¥38 per share |

For the year-end dividend for the 18th term, in addition to the interim dividend of ¥11 per share issued with an effective date of November 6, 2024, the Board of Directors has resolved at a meeting on April 25, 2025 to pay a dividend of ¥16 per share as a year-end dividend. As a result, the annual dividend for the 18th term will be ¥27 per share.

Management's Discussion and Analysis

Risks Related to Satellite Infrastructure

[1] Risks Concerning Lower Competitiveness in the Satellite Communications Market

Risk Owner:

Unit President of Space Business Unit, SKY Perfect JSAT Corporation

Risk Status:

While the space industry market is expanding on a global scale, competition in the satellite communications business is intensifying as new operators enter the space business and communication services using large-scale low-Earth-orbit satellite constellations begin full-scale operation. Furthermore, in response to changes in the international situation, and especially in the environment surrounding Japan, the importance of outer space is increasing.

In this competitive environment, one challenge is to expand our business domains and aim for the sustainable growth of the Space Business.

Countermeasures against risk:

We will work on improving profitability in existing businesses and exploring new business domains as set forth in our management strategy.

(1) Telecommunications-related Business

In the Domestic Communications Area, we will strengthen our business foundation by proposing long-term contracts to existing customers and providing services that leverage satellite equipment and our Group's ground station facilities. For our successor satellite, we will flexibly respond to our customers' diverse needs by providing variable beams and bandwidth.

In addition, we will participate in government-led projects, including in the security domain, and will advance the provision of new services that leverage our experience and expertise, such as the operation of government-related satellites and observation and monitoring services.

In Global & Mobility Area, we will aim to expand the provision of communication services for growth markets such as aircraft and ships by leveraging the high-throughput satellites currently in operation and the Software-Defined satellites planned for future deployment. We will also strengthen our overseas business development, focusing on the Asia-Oceania region.

Furthermore, in collaboration with partner companies, we will aim to build a multi-layered communication network that combines geostationary satellites with non-geostationary satellites and others.

(2) Space Intelligence Business

We will aim to expand earnings by building and owning a low-Earth-orbit satellite constellation, promoting business alliances with Earth observation satellite operators and others, and strengthening our satellite image sales service.

(3) New Business Fields

In collaboration with Space Compass Corporation and other partner companies, we will aim to build a communications network using a High Altitude Platform Station (HAPS) and an information and communications technology (ICT) infrastructure in space that incorporates optical communication and space

computing technologies. We will aim to further expand our business domains into areas such as satellite quantum key distribution and space situational awareness.

Residual Risks:

However, even if the currently envisioned measures are implemented, the market environment may change rapidly with the emergence of new satellite service providers using low-Earth-orbit satellites and the like, and the Group may not be able to maintain the competitiveness of the telecommunication services it provides in the market.

New business initiatives are carefully researched and analyzed in advance. The selection of business partners and the decision on the amount of capital investment will also be made through the necessary decision-making process after the business plan has been developed. However, the occurrence of circumstances that differ from those originally planned, such as delays in technological development, changes in the business conditions of business partners or changes in the market conditions assumed for the new business in question, may affect the Group's business and management indicators.

[2] Risks Concerning Communications Satellite Procurement

Risk Owner:

Unit President of Space Business Unit, SKY Perfect JSAT Corporation

Risk Status:

When procuring communications satellites, there is a risk of manufacturing delays at the suppliers and launch delays, failures, and so on. If the scheduled start of operations for a communications satellite is delayed for any of these reasons, which results in continuous services unable to be provided for a certain period, there is a chance that earnings may decline and users may leave during that period.

Furthermore, we may incur unplanned expenditures due to design or other factors during the communications satellite manufacturing period.

Countermeasures against risk:

To mitigate the aforementioned risks, when creating procurement schedules, we take measures to prepare for potential launch failures, including fleet backup measures using backup satellites and existing satellites, as well as placing advance orders for long lead items for replacement satellites, to ensure the early delivery of replacement satellites.

Regarding payments to the suppliers, we make milestone payments based on progress made for both satellite manufacturing and launch services. For satellite manufacture, we strive to reduce risk by securing the right to claim a certain amount of compensation in the event of delivery delays. With respect to launch services, we will set the scheduled launch date in accordance with the expected delivery date of the satellite so that it can be launched as soon as possible after its completion, and we will make every possible effort to adjust the contract during the manufacturing period. However, there may be cases where we are unable to launch the satellite on the terms and at the time we desire, such

Management's Discussion and Analysis

as when there is a significant delay in satellite manufacture.

With regard to insurance policies, we have insurance policies in place for both launch and in-orbit operations. The launch risk insurance covers the cost of procurement and repair of communications satellites in the event of complete or partial damage during the initial phase of operations, and it is generally valid for one year from the time of launch.

Residual Risks:

However, even if the currently envisioned measures are implemented, there are potential risks, including the risk that the manufacture and launch of successor satellites may be delayed due to the progress of technological development, supply chain issues, unforeseen accidents, or geopolitical situations. With regard to monetary compensation for satellite launch failures or in-orbit damage, other potential risks include the risk that the degree and cause of damage to a satellite or other factors may prevent the launch risk insurance from covering the full cost of the launch; the risk of increased premiums due to fluctuations in the space insurance market environment; and the risk of not being covered by property insurance in the event of war or other absolute exemptions from coverage obligations.

[3] Risks Concerning Communications Satellite Operations

Risk Owner:

Unit President of Space Business Unit, SKY Perfect JSAT Corporation

Risk Status:

Communication satellites owned by the Group are used for a relatively long period of more than 15 years. During this operational period, there is the possibility that the satellite may malfunction or that its operational capabilities may be degraded due to manufacturing defects, defective parts, magnetic storms caused by solar activity, collisions with debris or meteorites, excessive fuel consumption, satellite control-related or operation-related failures, or other factors. If such events were to occur, we might experience a decline in revenue due to the inability to provide services, an outflow of customers, or costs associated with shifting customers to another satellite owned by the Group, any of which could have a negative impact on our earnings.

Countermeasures against risk:

To address the above risks, the Group has until now maintained a dedicated backup-only spare satellite in orbit and has been prepared to provide backup as quickly as possible in the event that satellite malfunction. However, the expected delay in the scheduled in-service date of the satellite procured as the successor means that the dedicated backup-only spare communications satellite is planned to temporarily serve as the successor until the successor satellite is in service.

Therefore, in the event of a malfunction of a satellite in operation, we will switch to the dedicated backup satellite in orbital positions where we maintain a dedicated backup satellite, and in other orbital positions, we will take measures such as continuing service using other satellites owned by the Group

in accordance with the satellite fleet plan. However, there is a possibility that we may not be able to completely replace the capability of the communications satellite that has experienced a malfunction.

We have an in-orbit insurance policy in place for each launched communications satellite that takes effect after the launch insurance period has elapsed. However, this insurance does not cover third-party liability, loss of revenue, or other business damages that the Group may incur due to technical malfunctions of the communications satellite. Furthermore, for the risk of increased premiums due to fluctuations in the space insurance market environment, we review the scope of coverage and compensation amounts as appropriate.

Residual Risks:

Keeping this in mind, even if the currently envisioned measures are implemented, there is still the risk of earnings decreasing due to the inability to provide replacement functions via a backup satellite owned by the Group owing to unforeseen circumstances. In addition, in the event of damage to a satellite in operation, depending on the established scope of coverage in the insurance policy or the factors causing the malfunction, we anticipate the risk of not being covered by property insurance and the risk that a portion of the damages incurred by the Company will not be compensated.

Risks Related to Multichannel Pay TV Broadcasting Platform Services

[4] Risks Concerning the Lower Feasibility of the Multichannel Pay TV Business

Risk Owner:

Unit President of Media Business Unit, SKY Perfect JSAT Corporation

Risk Status:

The acquisition and retention of subscribers is an important factor in the Group's earnings growth. As of March 31, 2025, we had 2,602,000 subscribers, but there is no guarantee that the number of subscribers will grow according to the Group's plans going forward. In addition, despite our efforts to differentiate our content, enhance promotions, and implement various marketing measures such as campaigns, if the number of subscriptions continues to decline or sharply decreases in the future due to intensified competition with competing services or changes in user viewing habits due to developments such as the penetration of video distribution services offering similar content online, the Group's business and operating results may be adversely affected. Moreover, if the appeal of the Group's services declines due to the Group's inability to acquire leading content as a result of intensified competition or other factors, thus resulting in a greater than expected number of cancellations by existing subscribers, this will lead to a decrease in the cumulative number of subscribers, which could have a negative impact on the Group's business and operating results.

Management's Discussion and Analysis

Countermeasures against risk:

To address the above risks, we will strive to improve profitability in existing businesses and explore new business domains.

(1) Broadcasting and Distribution Business

We have prepared and are implementing a mid-term policy for business structure reform based on business income and expenditures; this is intended to secure a certain level of profit even if the number of subscribers in our multichannel pay TV business declines. In addition, the Company has established a content acquisition policy that clearly prioritizes content that contributes to subscriber acquisition and retention, and it conducts after-the-fact reviews of the cost-effectiveness of this content. Furthermore, through appropriate collaborations and alliances with other companies in the industry that provide paid content, the Company will strengthen its marketing capabilities and increase the efficiency of its overall business.

In addition, to expand earnings in the broadcasting and distribution business, we will make effective use of the SKY Perfect Tokyo Media Center's facilities and work to expand orders for services such as Media HUB Cloud.

(2) Fiber-optic Alliance Business

To expand earnings in the Fiber-optic Alliance Business, we will strengthen our sales structure, collaborate with cable television companies, and enhance our services, while also continuing to expand sales by increasing our service area.

(3) New Business Fields

We will promote the further growth of our Global IP Business, which develops business globally, and the strategic expansion of related businesses, through the planning, production investment, and sales of video content centered on anime, as well as the promotion of related businesses.

In addition, to establish new sources of revenue, we will promote various initiatives to enhance the fan experience through Web3-related businesses and real-life events in the media and entertainment industry.

Residual Risks:

However, we recognize that there is more risk than before due to the accelerated rise of online video distribution services, so we have decided to launch "SKY PerfectTV! BANGUMI HAISHIN (a free distribution service)" for our multichannel pay TV business subscribers along with our new original video distribution service, "SPOOX." Still, even if the currently envisioned measures are implemented, if the decline in subscribers due to increasingly fierce competition is greater than expected, the Group's business and operating results may be adversely affected.

[5] Risks Concerning Illegal Viewing

Risk Owner:

Unit President of Media Business Unit, SKY Perfect JSAT Corporation

Risk Status:

The Group's multichannel pay TV broadcasting service, SKY PerfectTV!, uses IC cards/chips referred to as B-CAS cards/ ACAS chips. With regard to B-CAS cards, a vendor of modified B-CAS cards that allow users to illegally view pay TV broadcasts have been arrested. In addition, there have been cases of injunctions to prevent the sale of illegal devices exclusively for online distribution on major e-commerce sites, on the grounds that such sales constitute an act of aiding and abetting infringement of public transmission rights and the right to make transmittable. Illegal viewing using modified B-CAS cards and illegal devices exclusively for online distribution may have a significant negative impact on the healthy dissemination and expansion of multichannel pay TV broadcasting as a whole, as well as the Group's business and operating results.

Also, while the Group's multichannel pay TV broadcasting services, which include SKY PerfectTV! Premium and SKY PerfectTV! Premium Hikari, use IC cards that differ from B-CAS cards, similar unauthorized viewing could have a negative impact on the Group's business and operating results.

Countermeasures against risk:

To mitigate the above risks, we have been actively involved in the development of ACAS chips for the launch of 4K/8K broadcasts. ACAS chips have enhanced security functions and are also compatible with 2K broadcasts, allowing SKY PerfectTV! Service to be viewed on 4K TVs equipped with the ACAS chip, just like before. As 4K TVs gain more widespread adoption in the future, B-CAS cards will be replaced by ACAS chips, and this is expected to reduce risk to a certain extent. In the event that unauthorized viewing via B-CAS cards is discovered, the Group's policy is to take all possible measures to deal with the situation in a serious manner, including claims for damages and other legal action, in cooperation with other pay TV operators and BS Conditional Access Systems, Co., Ltd., which owns the B-CAS cards. We will continue to file both criminal and civil lawsuits and publicize the illegality in our public relations going forward. In addition to continued efforts to look into more effective technical measures, we will enhance our cooperation with relevant ministries and agencies so that legal action can be taken against unauthorized viewers who use unauthorized viewing devices.

Residual Risks:

Yet even if the currently envisioned measures are implemented, if ACAS chips are not adopted as widely as expected, or if the above measures are not an effective deterrent, there is a chance that unauthorized viewing using modified B-CAS cards will continue to occur over a lengthy period of time. In addition, there has recently been an influx of illegal devices from overseas dedicated to online distribution that enable unauthorized viewing via the Internet, and it is possible that unauthorized viewing will increase due to these devices. The Japan Satellite Broadcasting Association, which has successfully obtained injunctions against the sale of illegal viewing devices to major e-commerce sites, has taken the lead in establishing the Council Against Illegal Streaming Devices, with the support of the Ministry of Internal Affairs and Communications of Japan and the participation of broadcasters and

Management's Discussion and Analysis

related organizations. The Group is actively involved with the activities of this council and is working to prevent the distribution of illegal dedicated online streaming devices. In the event that new technologies or devices that enable dedicated online streaming or unauthorized viewing emerge, and the Group is unable to implement effective countermeasures against them or is forced to spend a large amount of money to implement such countermeasures, the Group's business and operating results may be adversely affected.

[6] Risks Concerning the Customer Management System

Risk Owner:

Unit President of Media Business Unit, SKY Perfect JSAT Corporation

Risk Status:

The Group uses a large-scale client management system to manage various types of customer and contract information related to its multichannel paid services and other services, including new subscriptions, channel changes, cancellation processing, billing, and invoicing. This system plays a key role in Media Business operations and revenue management.

In the event that this system experiences a major failure, or if errors occur in program modifications and so on due to system configuration or specification changes, services such as subscription registration may be suspended, business operations could be hindered due to issues with various transactions and procedures with broadcasters, our social reputation could be damaged, and unforeseen costs required to resolve problems and respond to customers could be incurred. The Group's business and operating results may be adversely affected as well.

In addition, improper data entry or falsification of records could undermine the reliability of revenues, which form the basis of business performance, and adversely affect business operations and operating results.

Countermeasures against risk:

To address the aforementioned risks, the client management system is installed in a seismically isolated facility to prevent serious system failures, and each piece of equipment and device has redundancies built in.

Furthermore, applications, data, and other information are regularly backed up to servers in remote locations. The Group has also taken measures to prevent system configuration flaws, including meticulous operational management through the preparation of configuration manuals and so on, internal procedures for program modifications, and periodic inventory checks of system access privileges.

Residual Risks:

That being said, even if the currently envisioned measures are implemented, there is still the risk of human error and unexpected failures due to inadequacies in the requirement definitions and such during system maintenance.

Business Risks

The risks listed below are risk items that the Group has identified as significant risks for the fiscal year ended March 31, 2025, along with countermeasures to address them. The risks discussed here do not cover all of the risks faced by the Group. In addition, there may arise unknown risks that the Group is not aware of, or risks that may grow more significant in the future and have a serious impact on the Group's business, financial position, and operating results. Forward-looking statements in this document are based on the judgment of the Group as of the end of fiscal year.

[7] Risks Concerning Business Investments, etc.

Risk Owner:

Unit President of Corporate Administration Unit, SKY Perfect JSAT Corporation

Risk Status:

To expand its business, the Group may consider mergers and acquisitions, investments in other companies, alliances with other companies, and the establishment of cooperative frameworks. If the Group determines that such actions will contribute to its future business strategies and operating results, it may execute said actions.

However, if we are unable to integrate the target businesses of an acquisition in line with the Group's management strategy, or if we are unable to achieve the synergy we expect, apply the Group's internal control system to the target businesses of an acquisition, or if we discover significant problems after making the acquisition, including problems in technological fields in which the Group is not guaranteed to possess knowledge or expertise, the Group's financial situation and operating results may be adversely affected.

Moreover, acquisitions may result in large amounts of goodwill and intangible assets being recorded, which may be impaired if the profitability of the target businesses declines. Also, losses on the sale or liquidation of a business or other losses associated with business restructuring may adversely affect the Group's operating results and financial position.

Countermeasures against risk:

To address these risks, the Company has established rules and regulations pertaining to investments, and it holds discussions and makes decisions on financing and investments after taking into consideration business plans, the internal rate of return, withdrawal criteria, and other risks. Furthermore, when it comes to major investment proposals, the Company has a system of multiple checks and careful examinations from multiple perspectives. This includes departmental meetings; discussions at meetings of the Management Committee, an advisory body to the Representative Director, President; and resolutions at meetings of the Board of Directors.

To establish and execute appropriate internal control, we also dispatch personnel to the companies in which we invest and require them to comply with the rules and regulations established by the Group for proper management. When making investment decisions, we establish milestones and conduct

Management's Discussion and Analysis

reviews as appropriate. In addition, after deciding to invest, we review the financial condition, policies, profitability, capital cost, ownership significance, investment appropriateness, and other factors for each investment target, and report the results to the Board of Directors.

Residual Risks:

That being said, even if the currently envisioned measures are implemented, it is impossible to completely prevent losses in the businesses we acquire or impairment of investment securities or goodwill that result from changes in the market and competitive environment or inadequate business management after investments or acquisitions have been made. Thus, there is no guarantee that we can secure profits that are commensurate with our investments.

Also, the occurrence of compliance-related issues at the companies in which we have invested could damage the Group's social credibility.

[8] Risks Concerning Legal Business Regulations

Risk Owner:

Unit President of Corporate Administration Unit, SKY Perfect JSAT Corporation

Risk Status:

In conducting its business activities, the Group is subject to legal regulations in Japan, including the Broadcasting Act, the Telecommunications Business Act, the Radio Act, the Antimonopoly Act, the Act on the Protection of Personal Information, environmental laws and regulations, and the Act for Normalization of Grants, etc. We are also subject to the legal regulations of each country where we operate. Violations of these laws and regulations, or behavior contrary to societal demands, may result in legal penalties, lawsuits, social sanctions, orders to suspend business, or loss of trust from customers and other stakeholders, which may adversely affect the Group's business and operating results.

Furthermore, if new laws or regulations are enacted that change the current system that applies to satellite broadcasting in Japan and to the launch, operation, and commercial use of communications satellites in Japan and overseas, or if revisions are made that are detrimental to the Group's business activities, our business operations may be restricted, which could adversely affect its business and operating results.

In addition, failure to take appropriate action on human rights issues, including supply chain issues, could result in suspension of business with customers, administrative penalties, and loss of public confidence in the Group.

Countermeasures against risk:

To address the above risks, we have established the SKY Perfect JSAT Group Compliance Basic Regulations, the Group Officer and Employee Code of Conduct, and the Human Rights Policy, based on the "SKY Perfect JSAT Group Mission" and the "SKY Perfect JSAT Principles," and we require Board Directors and employees to comply with all laws and regulations, including respect for human rights.

The Group has also appointed a Chief Compliance Officer and established a Compliance Committee, chaired by the Chief Compliance Officer, that meets on a regular basis.

In addition, to ensure that compliance is firmly established throughout the Company, the we provide education and training to Board Directors and employees and utilizes a service that disseminates information about the enactment and revision of new laws and regulations as required to ensure compliance with said laws and regulations.

To provide a system that allows for prompt reports and consultations, with internal and external points of contact in the event of any suspected violation of laws or regulations is discovered in the Group's business activities or in the conduct of Board Directors or employees, a "Compliance Helpline" has been established and is operated in an appropriate manner. Our Internal Audit Division regularly audits the status of compliance of the Group, including the status of the aforementioned countermeasures.

Moreover, with regard to the enactment or revision of laws and regulations that alter existing systems in Japan and overseas, we constantly monitor the inclinations of relevant authorities and take measures to mitigate risks by expressing our views as required and making advance preparations for systemic changes.

Residual Risks:

However, even if the currently envisioned measures are implemented, there is a chance that we may not be able to completely eliminate the possibility of legal violations, or that we may not be able to take appropriate action due to delays in obtaining information on the enactment or revision of new laws and regulations in Japan or overseas, which could adversely affect our business operations.

[9] Risks Concerning Leaks and the Handling of Personal Information and Important Information, and Cyber Security

Risk Owner:

Unit President of Corporate Administration Unit, SKY Perfect JSAT Corporation

Risk Status:

The Group retains customer information, including subscriber information for the services it provides, in its Media Business, and important information, including technical information, in its Space Business. If this information is leaked due to a system failure resulting from a hardware/ software malfunction, human error, or unauthorized access by a third party, or if personal information is improperly handled, the Group's business and operating results may be adversely affected due to loss of public trust, compensation for damages, or other costs incurred while handling the situation. In the event of a large-scale cyberattack, not only could this information be leaked, but the operation of broadcasting/ distribution services as well as satellite communications services could also be disrupted.

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Countermeasures against risk:

To address the above risks, the Group has obtained ISMS (Information Security Management System) certification and the Privacy Mark, and has established an information security and personal information protection management system to ensure strict information management.

As part of these activities, the Personal Information Management Committee and Information Security Management Committee have been established to monitor the status of information security management within the Group.

Further, the CSIRT has been established as an organization responsible for responding to security incidents, and training has been conducted as well. In terms of system measures, we utilize encrypted servers when storing personal information and important business information; intrusion prevention systems and anti-virus software to prevent infections; system logging; and the detection of vulnerabilities through security diagnostics, among other measures.

Additionally, in response to the diversification of cyberattack methods and the increase in cybersecurity risks due to the promotion of DX (Digital Transformation) and other factors, we have appointed a CISO and are working on the implementation and enhancement of cybersecurity measures. We are also strengthening our ability to detect malware and unauthorized communications, and reviewing our internal network construction standards.

Residual Risks:

However, even if all of these measures are implemented, information leaks or service disruptions could occur due to unforeseen situations that overwhelm these measures, such as advanced cyberattacks utilizing new technologies.

[10] Risks Concerning Business Continuity Due to Large-Scale Disasters, etc.

Risk Owner:

Unit President of Corporate Administration Unit, SKY Perfect JSAT Corporation

Risk Status:

As a corporate group that provides highly public services in broadcasting and telecommunications, the Group owns broadcasting facilities and satellite control and communication facilities in Japan. In the event of a large-scale disaster, accident, COVID-19, or other infectious disease pandemic, there is a chance that it may be difficult to continue business operations due to damage sustained by facilities and equipment, facility closures, or voluntary suspension of activities. There is also the risk that it may be impossible to secure the employees required to continue operations due to employees being affected by the disaster, public transportation being suspended, and so on.

Countermeasures against risk:

To address these risks, we have established and are operating a business continuity plan (BCP) that lays out how each of our businesses will continue its operations, including personnel plans and other systems, in times of emergency. With regard to the business continuity system to address the spread of COVID 19 or other infectious diseases, along with the establishment of remote work, we have created a system for enabling operations to be carried out while ensuring the safety of employees by setting up a work schedule in accordance with how infections are spreading, based on requests from the national government and Tokyo.

Sites that handle continuous operations are equipped with seismic control or isolation structures and have emergency power generation capabilities and emergency food stockpiles. In particular, satellite communications control facilities, which are expected to be used more than usual in the event of a disaster, are equipped with uninterruptible power supplies and designed such that even if one facility is shut down, services can be provided by other facilities to avoid serious disruptions to operations. We are also continuing to study and devise and formulate countermeasures to deal with threats such as hurricanes and strong winds and torrential rains that have been occurring frequently in recent years due to climate change and other factors.

Residual Risks:

Still, even if the currently envisioned measures are implemented, because not all of our services have full backup facilities, in the event of a large-scale disaster that cannot be fully handled via the countermeasures currently envisioned, there is the risk of long-term suspension of broadcasting, distribution, and communication services, as well as a risk of being unable to secure fuel and personnel at bases due to prolonged disruptions in transportation and other services. Such a situation could have a negative impact on the Group's business and operating results.

Consolidated Balance Sheet

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
March 31, 2025

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|------------------|------------------|---------------------------------------|
| | 2024 | 2025 | 2025 |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents (Notes 7 and 16) | ¥ 114,322 | ¥ 114,516 | \$ 765,840 |
| Accounts receivable (Notes 7 and 16): | | | |
| Trade | 56,537 | 52,509 | 351,161 |
| Affiliated companies | 484 | 474 | 3,167 |
| Allowance for doubtful accounts | (84) | (74) | (494) |
| Lease receivables (Notes 7, 13 and 16) | 43,132 | 39,838 | 266,424 |
| Inventories: | | | |
| Broadcasting rights | 855 | 929 | 6,213 |
| Work in process | 77 | 884 | 5,911 |
| Other | 1,835 | 1,176 | 7,866 |
| Advance payments to suppliers (Note 5) | 4,786 | 6,962 | 46,560 |
| Investment in and advances to affiliated companies (Notes 16 and 19) | 4,397 | 6,634 | 44,366 |
| Other (Notes 5, 7 and 19) | 4,929 | 4,707 | 31,471 |
| Total current assets | 231,270 | 228,555 | 1,528,485 |
| Property and Equipment: | | | |
| Buildings and structures | 24,210 | 25,157 | 168,241 |
| Machinery, equipment and vehicles | 70,911 | 70,173 | 469,288 |
| Telecommunications satellites | 227,758 | 213,704 | 1,429,174 |
| Land | 3,102 | 3,878 | 25,935 |
| Construction in progress | 23,955 | 37,642 | 251,735 |
| Other | 17,806 | 18,674 | 124,890 |
| Total property and equipment | 367,742 | 369,228 | 2,469,263 |
| Accumulated depreciation | (256,448) | (254,044) | (1,698,953) |
| Net property and equipment | 111,294 | 115,184 | 770,310 |
| Investments and Other Assets: | | | |
| Software | 4,546 | 5,354 | 35,806 |
| Investment securities (Notes 6 and 16) | 14,402 | 4,849 | 32,426 |
| Investment in and advances to affiliated companies (Notes 16 and 19) | 33,982 | 36,814 | 246,201 |
| Deferred tax assets (Notes 2.p and 11) | 7,542 | 9,160 | 61,261 |
| Other | 2,375 | 3,498 | 23,391 |
| Total investments and other assets | 62,847 | 59,675 | 399,085 |
| Total | ¥ 405,411 | ¥ 403,414 | \$ 2,697,880 |

See notes to consolidated financial statements.

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|------------------|------------------|---------------------------------------|
| | 2024 | 2025 | 2025 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities: | | | |
| Current portion of long-term debt (Notes 7 and 16) | ¥ 10,793 | ¥ 23,021 | \$ 153,957 |
| Accounts payable: | | | |
| Trade | 9,658 | 10,323 | 69,039 |
| Affiliated companies | 323 | 784 | 5,242 |
| Income taxes payable | 5,099 | 3,737 | 24,989 |
| Subscription fees received | 6,408 | 5,970 | 39,922 |
| Unearned revenues | 21,946 | 21,148 | 141,429 |
| Accrued bonus | 699 | 643 | 4,301 |
| Other | 5,273 | 4,212 | 28,173 |
| Total current liabilities | 60,199 | 69,838 | 467,052 |
| Non-current Liabilities: | | | |
| Long-term debt (Notes 7 and 16) | 55,016 | 32,130 | 214,874 |
| Liabilities for retirement benefits (Note 8) | 6,438 | 5,682 | 38,000 |
| Deferred tax liabilities (Notes 2.p and 11) | 1,416 | 2,020 | 13,508 |
| Asset retirement obligations (Note 9) | 2,326 | 2,265 | 15,148 |
| Other | 8,033 | 7,304 | 48,844 |
| Total non-current liabilities | 73,229 | 49,401 | 330,374 |
| Commitments and Contingent Liabilities (Notes 13 and 17): | | | |
| Equity (Note 10): | | | |
| Common stock | | | |
| Authorized, 1,450,000,000 shares; | | | |
| Issued, 297,404,212 shares in 2023 and 297,578,423 shares in 2024 | 10,129 | 10,173 | 68,033 |
| Capital surplus | 131,958 | 132,040 | 883,035 |
| Stock acquisition rights | — | 200 | 1,338 |
| Retained earnings | 126,015 | 138,889 | 928,834 |
| Treasury stock—at cost, 6,933,124 shares in 2023 and 14,323,086 shares in 2024 | (7,924) | (7,924) | (52,996) |
| Accumulated other comprehensive income | | | |
| Unrealized gain on available-for-sale securities | 6,964 | 311 | 2,078 |
| Deferred gain on derivatives under hedge accounting | 516 | 1,694 | 11,333 |
| Foreign currency translation adjustments | 2,761 | 6,260 | 41,870 |
| Remeasurements of defined retirement benefit plans | (197) | 66 | 440 |
| Total | 270,222 | 281,709 | 1,883,965 |
| Non-controlling interests | 1,761 | 2,466 | 16,489 |
| Total equity | 271,983 | 284,175 | 1,900,454 |
| Total | ¥ 405,411 | ¥ 403,414 | \$ 2,697,880 |

Consolidated Statement of Income

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2025

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|-----------|---------------------------------------|
| | 2024 | 2025 | 2025 |
| Revenues (Notes 2.o, 12 and 20) | ¥ 121,873 | ¥ 123,722 | \$ 827,403 |
| Operating Expenses: | | | |
| Cost of services (Notes 14 and 20) | 66,690 | 66,395 | 444,025 |
| Selling, general, and administrative expenses (Notes 15 and 20) | 28,637 | 29,838 | 199,543 |
| Operating Profit (Note 20) | 26,546 | 27,489 | 183,835 |
| Other Income (Expenses): | | | |
| Interest and dividend income | 2,256 | 2,129 | 14,240 |
| Interest expense (Note 7) | (1,897) | (1,537) | (10,279) |
| Foreign exchange gains —net | 173 | (43) | (286) |
| Share of loss of investments accounted for using the equity method | (311) | (1,147) | (7,670) |
| Gain on valuation of securities | | | |
| Subsidy income (Note 5) | 11 | — | — |
| Commission fee | | | |
| Gain on sale of non-current assets | | | |
| Gain on sales of investment securities (Note 6) | — | 367 | 2,457 |
| Gain on sales of shares of subsidiaries and associates | — | 280 | 1,869 |
| Compensation income | — | 341 | 2,277 |
| Loss on sales of investment securities | | | |
| Write-down of investment securities (Note 6) | (870) | — | — |
| Loss on sales of shares of affiliated companies | | | |
| Loss on valuation of derivatives (Note 15) | | | |
| Write-down of shares of subsidiaries and associates | | | |
| Other—net (Note 5) | 351 | 59 | 395 |
| Other (expenses) income-net | (287) | 449 | 3,003 |
| Profit before Income Taxes | 26,259 | 27,938 | 186,838 |
| Income Taxes (Note 11): | | | |
| Current | 8,710 | 7,510 | 50,226 |
| Deferred | (607) | 925 | 6,186 |
| Total Income Taxes | 8,103 | 8,435 | 56,412 |
| Profit | 18,156 | 19,503 | 130,426 |
| Profit attributable to non-controlling interests | 417 | 397 | 2,651 |
| Profit attributable to owners of the parent | ¥ 17,739 | ¥ 19,106 | \$ 127,775 |

| | Yen | | U.S. dollars (Note 1) |
|--|---------|---------|-----------------------|
| | 2024 | 2025 | 2025 |
| Per Share of Common Stock (Note 2.t): | | | |
| Earnings Per Share | ¥ 61.69 | ¥ 67.44 | \$ 0.45 |
| Diluted Earnings Per Share | — | — | — |
| Cash Dividends Applicable to the Year | 21.00 | 27.00 | 0.18 |

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2025

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|----------|---------------------------------------|
| | 2024 | 2025 | 2025 |
| Profit | ¥ 18,156 | ¥ 19,503 | \$ 130,426 |
| Other comprehensive income (Note 18): | | | |
| Unrealized gain (loss) on available-for-sale securities | 7,156 | (6,652) | (44,484) |
| Deferred gain on derivatives under hedge accounting | 503 | 1,272 | 8,510 |
| Foreign currency translation adjustments | 215 | 3,500 | 23,404 |
| Remeasurement of defined retirement benefit plans | 147 | 263 | 1,761 |
| Share of other comprehensive income in affiliated companies accounted for using the equity method | 45 | (14) | (94) |
| Total other comprehensive income | 8,066 | (1,631) | (10,903) |
| Comprehensive income | ¥ 26,222 | ¥ 17,872 | \$ 119,523 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | ¥ 25,764 | ¥ 17,394 | \$ 116,327 |
| Non-controlling interests | 458 | 478 | 3,196 |

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2025

| | Millions of yen | | | | | | | | | | | | |
|---|--|--------------|-----------------|--------------------------|-------------------|----------------|---|--|--|--|----------|---------------------------|--------------|
| | Outstanding number of shares of common stock | Common stock | Capital surplus | Stock acquisition rights | Retained earnings | Treasury stock | Accumulated other comprehensive income | | | | Total | Non-controlling interests | Total equity |
| | | | | | | | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on derivatives under hedge accounting | Foreign currency translation adjustments | Remeasure-ment of defined retirement benefit plans | | | |
| Balance, April 1, 2023 | 290,471,088 | ¥10,082 | ¥131,911 | | ¥114,333 | ¥(2,924) | ¥ (192) | ¥ 8 | ¥ 2,546 | ¥(344) | ¥255,420 | ¥1,395 | ¥256,815 |
| Issuance of new shares | 174211 | 47 | 47 | | | | | | | | 94 | | 94 |
| Cash dividends, ¥21.00 per share | | | | | (6,081) | | | | | | (6,081) | | (6,081) |
| Profit attributable to owners of parent | | | | | 17,739 | | | | | | 17,739 | | 17,739 |
| Purchase of treasury shares | (7,389,962) | | | | | (5,000) | | | | | (5,000) | | (5,000) |
| Adjutment to retained earnings for change in the number of equity method affiliates | | | | | 24 | | | | | | 24 | | 24 |
| Net change in items other than shareholders' equity | | | | | | | 7,156 | 508 | 215 | 147 | 8,026 | 366 | 8,392 |
| Balance, March 31, 2024 | 283,255,337 | ¥10,129 | ¥131,958 | | ¥126,015 | ¥(7,924) | ¥6,964 | ¥ 516 | ¥ 2,761 | ¥(197) | ¥270,222 | ¥1,761 | ¥271,983 |
| Issuance of new shares | 102,841 | 44 | 44 | | | | | | | | 88 | | 88 |
| Cash dividends, ¥21.00 per share | | | | | (6,232) | | | | | | (6,232) | | (6,232) |
| Profit attributable to owners of parent | | | | | 19,106 | | | | | | 19,106 | | 19,106 |
| Changes in the parent's ownership interest due to transactions with non-controlling interests | | | 38 | | | | | | | | 38 | | 38 |
| Net change in items other than shareholders' equity | | | | 200 | | | (6,653) | 1,178 | 3,499 | 263 | (1,513) | 705 | (808) |
| Balance, March 31, 2025 | 283,358,178 | ¥10,173 | ¥132,040 | ¥200 | ¥138,889 | ¥(7,924) | ¥ 311 | ¥1,694 | ¥ 6,260 | ¥ 66 | ¥281,709 | ¥2,466 | ¥284,175 |

| | Thousands of U.S. dollars (Note 1) | | | | | | | | | | | | |
|---|--|--------------|-----------------|--------------------------|-------------------|----------------|---|--|--|--|-------------|---------------------------|--------------|
| | Outstanding number of shares of common stock | Common stock | Capital surplus | Stock acquisition rights | Retained earnings | Treasury stock | Accumulated other comprehensive income | | | | Total | Non-controlling interests | Total equity |
| | | | | | | | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on derivatives under hedge accounting | Foreign currency translation adjustments | Remeasure-ment of defined retirement benefit plans | | | |
| Balance, March 31, 2024 | 283,255,337 | \$67,739 | \$882,487 | | \$842,742 | \$(52,996) | \$46,571 | \$3,452 | \$18,466 | \$(1,320) | \$1,807,141 | \$11,777 | \$1,818,918 |
| Issuance of new shares | 102,841 | 294 | 293 | | | | | | | | 587 | | 587 |
| Cash dividends, ¥27.00 per share | | | | | (41,683) | | | | | | (41,683) | | (41,683) |
| Profit attributable to owners of parent | | | | | 127,775 | | | | | | 127,775 | | 127,775 |
| Changes in the parent's ownership interest due to transactions with non-controlling interests | | | 255 | | | | | | | | 255 | | 255 |
| Net change in items other than shareholders' equity | | | | 1,338 | | | (44,493) | 7,881 | 23,404 | 1,760 | (10,110) | 4,712 | (5,398) |
| Balance, March 31, 2025 | 283,358,178 | \$68,033 | \$883,035 | \$1,338 | \$928,834 | \$(52,996) | \$2,078 | \$11,333 | \$41,870 | \$440 | \$1,883,965 | \$16,489 | \$1,900,454 |

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2025

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|----------|---------------------------------------|
| | 2024 | 2025 | 2025 |
| Operating Activities: | | | |
| Profit before income taxes | ¥ 26,259 | ¥ 27,938 | \$ 186,838 |
| Adjustments for: | | | |
| Depreciation and amortization (Note 21) | 20,232 | 18,284 | 122,274 |
| Interest and dividend income | (2,256) | (2,129) | (14,240) |
| Interest expense | 1,897 | 1,537 | 10,279 |
| Equity in net losses of affiliated companies | 311 | 1,147 | 7,670 |
| Decrease in receivables—trade and affiliated companies | 4,621 | 4,141 | 27,692 |
| Write-down of investment securities | 870 | — | — |
| (Increase) decrease in broadcasting rights | 93 | (74) | (492) |
| Increase in inventories | (101) | (148) | (989) |
| Decrease in advance payments to suppliers (Note 5) | (3,539) | (2,176) | (14,552) |
| (Decrease) increase in payables—trade and affiliated companies | (3,991) | 1,015 | 6,787 |
| Increase (decrease) in deferred revenues | 2,798 | (803) | (5,373) |
| Decrease in lease receivables | 3,103 | 3,294 | 22,028 |
| Other—net (Note 5) | 127 | (1,437) | (9,602) |
| Subtotal | 50,424 | 50,589 | 338,320 |
| Interest and dividends received | 2,264 | 2,280 | 15,245 |
| Interest paid | (1,909) | (1,736) | (11,607) |
| Income taxes paid | (8,375) | (8,758) | (58,569) |
| Net cash provided by operating activities | 42,404 | 42,375 | 283,389 |

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|-----------|---------------------------------------|
| | 2024 | 2025 | 2025 |
| Investing Activities: | | | |
| Purchases of property and equipment | (13,473) | (21,577) | (144,300) |
| Purchases of intangible assets | (1,903) | (2,377) | (15,896) |
| Purchases of investment securities | (234) | (334) | (2,237) |
| Proceeds from collection of loans receivable | 3,848 | 4,702 | 31,444 |
| Proceeds from sale and redemption of investment securities | — | 511 | 3,416 |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | — | 417 | 2,787 |
| Payments for additional acquisition of shares of affiliated companies | (3,624) | (7,300) | (48,821) |
| Other—net | 1 | 182 | 1,224 |
| Net cash used in investing activities | (15,385) | (25,776) | (172,382) |
| Financing Activities: | | | |
| Proceeds from long-term loans payable | 1,000 | — | — |
| Repayments of long-term loans payable | (10,886) | (10,995) | (73,533) |
| Purchase of treasury shares | (5,044) | — | — |
| Dividends paid | (6,076) | (6,229) | (41,659) |
| Dividends paid to non-controlling interests | (94) | (114) | (759) |
| Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation | — | 395 | 2,641 |
| Proceeds from issuance of share acquisition rights | — | 200 | 1,338 |
| Other—net | 1 | — | — |
| Net cash used in financing activities | (21,099) | (16,743) | (111,972) |
| Foreign currency translation adjustments on cash and cash equivalents | 493 | 338 | 2,263 |
| Net increase in cash and cash equivalents | 6,413 | 194 | 1,298 |
| Cash and cash equivalents, beginning of year | 107,909 | 114,322 | 764,542 |
| Cash and cash equivalents, end of year | ¥ 114,322 | ¥ 114,516 | \$ 765,840 |

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2025

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, and its related accounting regulations, and in accordance with generally accepted accounting principles in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of generally accepted accounting principles in the United States of America and International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2024 consolidated financial statements to conform to the classifications used in 2025.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SKY Perfect JSAT Holdings Inc. (the “Company”) is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.53 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its significant subsidiaries (together, the “Companies”). The remaining subsidiaries are excluded from the scope of consolidation because those unconsolidated subsidiaries do not have material effects on the accompanying consolidated financial statements.

The numbers of consolidated subsidiaries and affiliated companies, in which investments are accounted for under the equity method, as of March 31, 2024 and 2025, are summarized below.

| | 2024 | 2025 |
|-----------------------------|------|------|
| Consolidated subsidiaries | 9 | 9 |
| Affiliated companies: | | |
| Unconsolidated subsidiaries | 8 | 9 |
| Associated companies | 23 | 27 |

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in unconsolidated subsidiaries and associated companies are accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

The accounting standard for unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements: (1) requires the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances to be, in principle, unified for the preparation of the consolidated financial statements and (2) allows for financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America to be tentatively used for the consolidation process. However, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity through other comprehensive income; 3) expensing capitalized development costs of research and development (“R&D”); 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and 5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method

The accounting standard requires adjustments to be made to conform to the affiliate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate’s financial statements are used in applying the equity method, unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity through other comprehensive income; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and 5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording

Notes to Consolidated Financial Statements

impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, commercial paper, and mutual funds investing in bonds, all of which mature or become due within three months of the date of acquisition.

e. Inventories

Inventories consist primarily of broadcasting rights and work in process. The Companies purchase rights relating to the broadcasting of programs, which are capitalized and then amortized based on the number of showings.

Inventories are stated at the lower of cost, or net selling value. The cost is determined by the specific identification method for broadcasting rights and work in process, and by the first-in, first-out method for merchandise and supplies.

f. Securities

Securities are presented as investment securities in the consolidated balance sheet.

Securities are classified as held-to-maturity debt securities or available-for-sale securities, depending on management’s intent.

Held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are stated at amortized cost.

Securities other than equity instruments that do not have a quoted market price in an active market are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Equity instruments that do not have a quoted market price in an active market are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

g. Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided for the estimated amount of uncollectible receivables, such as accounts receivable—trade and loans receivable, based on the past credit loss experience of bad debts for general receivables, and on the individually evaluated collectability for specific doubtful accounts.

h. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The estimated useful lives for property and equipment are principally as follows:

| | |
|------------------------------------|-------------|
| Buildings and structures | 3–50 years |
| Machinery, equipment, and vehicles | 2–17 years |
| Telecommunications satellites | 12–15 years |
| Other | 2–20 years |

i. Software

Software is stated at cost less accumulated amortization and is amortized by the straight-line method over its estimated internal useful life (mainly five years).

j. Impairment of Long-Lived Assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Accrued Bonuses

Accrued bonuses for employees are recorded for the estimated bonuses attributable to the current fiscal year within the period eligible for bonus payment set by the Companies.

l. Retirement and Pension Plans

Certain consolidated subsidiaries of the Company have unfunded defined benefit severance indemnity plans covering substantially all of their employees other than directors, executive officers, and Audit & Supervisory Board Members.

Certain subsidiaries of the Company also participate in a contributory multi-employer pension plan covering all of their employees. The costs of the multi-employer plan are accrued based on the contribution amounts.

The Companies record liabilities for retirement benefits based on the projected benefit obligations required at the consolidated balance sheet date to provide for future payments.

The projected benefit obligations are attributed to periods on a benefit formula basis. Unrecognized actuarial differences are amortized by the straight-line method over the average remaining service years

Notes to Consolidated Financial Statements

of the employees or a shorter period (10–17 years), starting from the year following the year in which the differences occur. Unrecognized prior service cost is amortized by the straight-line method over the average remaining service years of the employees (12 years), starting from the year in which it occurs.

m. Asset Retirement Obligations

Under the accounting standard for asset retirement obligations, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Leases

Lessee

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet.

All other leases are accounted for as operating leases.

Lessor

Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables.

o. Recognition of revenue and expenses

The Company and its consolidated subsidiaries (the "Group") recognize revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group provides the following goods and services in each reportable segment of Space Business and Media Business.

(1) Space Business

The major service under the Space Business is a satellite telecommunications service.

The Group provides the satellite telecommunications service based on data transmission and reception between ground station facilities via communications satellites in geostationary orbit. The revenue from this service primarily consists of that from a communication-related service and a broadcasting-related service.

The communication-related service primarily consists of sale of telecommunication lines and periphery services. As the sale of telecommunication lines, etc. is deemed as a transaction in which performance obligations are satisfied over time, revenue is recognized as the Group provides telecommunication lines. Revenue from the periphery services is recognized either at the time when the delivery of services is completed or as the Group provides services, depending on the details of each contract. The Group receives consideration for these transactions generally within the following month after the billing date.

The broadcasting-related service is primarily the provision of satellite links to broadcasters who operate each channel for multichannel pay TV operations. As this service is deemed as a transaction in which performance obligations are satisfied over time, the Group recognizes revenue as it provides satellite links. The Group charges consideration for these transactions in one lump sum of six to 12 months or in a monthly fee every month, depending on the details of each contract. The consideration is received generally within the following month after the billing date.

Additionally, certain sale of lines, sale of equipment and sale of satellite images are deemed as transactions in which the Group acts as an agent in the provision of goods and services to the users of these services. The revenue is therefore recognized on a net basis at an amount of consideration to be received from the users of these services less the amount payable to the line providers, etc.

The registration fee to be received at the start of the line contracts is recognized over the estimated average contract period.

(2) Media Business

The major service under the Media Business is the provision of platforms pertaining to broadcasting and distribution.

The Group develops broadcasting platforms through optical lines, Internet and other various transmission lines centering on SKY PerfecTV! satellite broadcasting. While providing subscribers with broadcasting and distribution, the Group provides platform services, such as customer management service, to broadcasters who operate channels on these platforms. Revenue from these services mainly consists of subscription fee revenue, basic fee revenue, service charge revenue and FTTH revenue.

As subscription fee revenue and basic fee revenue are transactions of which performance obligations are satisfied over time, the Group recognizes revenue as it provides broadcasting services based on terms and conditions of the broadcasting agreements concluded with subscribers. The consideration for these transactions is received generally within the following month after the billing date. As subscription fee revenue is a transaction in which the Group acts as an agent in the provision of goods and services to subscribers, revenue is recognized on a net basis at an amount of consideration to be received from subscribers less the amount payable to program supply business operators.

Notes to Consolidated Financial Statements

As service charge revenue is a transaction in which performance obligations are satisfied over time, the Group recognizes revenue as it provides platform services based on contracts with broadcasters. The Group receives consideration for these transactions generally within the following month after the billing date.

As FTTH revenue is a transaction in which performance obligations are satisfied over time, the Group recognizes revenue as it provides TV viewing service. The Group receives consideration for these transactions generally within eight months after the provision of the service, mainly via collecting agents. The registration fee to be received at the start of the FLET’s service contract is recognized over the estimated average contract period.

p. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

The group tax sharing system has been adopted from the beginning of the fiscal year ended March 31, 2025. Further details are provided in 10. INCOME TAXES chapter.

q. Foreign Currency Transactions

All monetary receivables and payables denominated in foreign currencies are translated into yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from transactions are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

r. Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the consolidated balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the average exchange rate.

s. Derivative Financial Instruments

The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign currency exchange rates. Foreign exchange forward contracts are utilized by the Companies to reduce foreign currency exchange rate risk. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

a) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income. b) For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. c) Regarding the interest rate swaps that satisfy the requirements for special treatment, such special treatment is applied.

Certain assets and liabilities hedged by foreign exchange forward contracts are translated at the forward exchange contract rates.

Interest rate swaps are utilized to hedge interest rate exposures of loans payable. These swaps that qualify for hedge accounting are measured at fair value at the consolidated balance sheet date and the unrealized gains or losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

t. Per Share Information

Earnings per share are computed by dividing profit attributable to owners of the parent available to common shareholders by the weighted-average number of common shares outstanding for the period. The weighted-average number of shares of common stock for the years ended March 31, 2024 and 2025, was 287,561,912 and 283,327,466, respectively.

Diluted earnings per share of common stock are not presented because the Companies had no securities outstanding that might dilute earnings per share for the years ended March 31, 2024 and 2025.

Cash dividends per share presented in the accompanying consolidated statement of income refer to dividends applicable to the respective years, including dividends to be paid after the end of the year.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Collectability of deferred tax assets

(1) Amounts recorded on the consolidated financial statements
Deferred tax assets as of March 31, 2024 and 2025, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------|-----------------|--------|---------------------------|
| | 2024 | 2025 | 2025 |
| Deferred tax assets | ¥7,542 | ¥9,160 | \$61,261 |

(2) Information concerning significant accounting estimates for identified items
The Group recorded deferred tax assets taking into consideration the sufficiency of taxable income

Notes to Consolidated Financial Statements

before temporary differences based on earning power and tax planning.

As the collectability of deferred tax assets depends on estimates of future taxable income, changes to the pre-existing conditions or assumptions may affect the amounts of deferred tax assets and income taxes- deferred in the following fiscal year.

4. UNAPPLIED ACCOUNTING STANDARDS

The “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024) and the “Guideline for Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024), which requires lessees to account all leases as assets and liabilities in line with international accounting standards, are scheduled to be applied from the beginning of the fiscal year ending March 2028. The impact of the application of these accounting standards on the consolidated financial statements is currently being evaluated.

5. CHANGES IN PRESENTATION

Consolidated Balance Sheet

Prior to April 1, 2024, “Accounts receivable” in the “Current Assets” section had been disclosed separately. Since the amounts decreased and became insignificant during this fiscal year ended March 31, 2025, ¥222 million of “Accounts receivable” is now included in “Other” in the “Current Assets” section. As of March 31, 2024, “Accounts Receivable” and “Other” within the “Current Assets” section was ¥510 million and ¥4,453 million, respectively. These amounts have been reclassified and presented together as “Other,” totaling ¥4,963 million.

Consolidated Statement of Income

Prior to April 1, 2024, “Subsidy income” in the “Other Income” section had been disclosed separately. Since the amounts decreased and became insignificant during this fiscal year ended March 31, 2025, ¥92 million of “Subsidy income” is now included in “Other” in the “Other Income” section. For the year ended March 31, 2024, “Subsidy income” and “Other” within the “Other Income” section was ¥10 million and ¥448 million, respectively. These amounts have been reclassified and presented together as “Other,” totaling ¥459 million.

6. INVESTMENT SECURITIES

Investment securities as of March 31, 2024 and 2025, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|------------------------|-----------------|---------|---------------------------|
| | 2024 | 2025 | 2025 |
| Investment securities: | | | |
| Equity securities | ¥ 13,680 | ¥ 4,043 | \$ 27,033 |
| Other | 722 | 806 | 5,393 |
| Total | ¥ 14,402 | ¥ 4,849 | \$ 32,426 |

The costs and aggregate fair values of certain investment securities as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | | |
|---------------------------|-----------------|-----------------|-----------------|------------|
| | 2024 | | | |
| | Cost | Unrealized gain | Unrealized loss | Fair value |
| Securities classified as: | | | | |
| Available-for-sale | | | | |
| Equity securities | ¥2,672 | ¥10,098 | ¥97 | ¥12,673 |
| Total | ¥2,672 | ¥10,098 | ¥97 | ¥12,673 |

| | Millions of yen | | | |
|---------------------------|-----------------|-----------------|-----------------|------------|
| | 2025 | | | |
| | Cost | Unrealized gain | Unrealized loss | Fair value |
| Securities classified as: | | | | |
| Available-for-sale | | | | |
| Equity securities | ¥2,672 | ¥668 | ¥254 | ¥3,086 |
| Total | ¥2,672 | ¥668 | ¥254 | ¥3,086 |

| | Thousands of U.S. dollars | | | |
|---------------------------|---------------------------|-----------------|-----------------|------------|
| | 2025 | | | |
| | Cost | Unrealized gain | Unrealized loss | Fair value |
| Securities classified as: | | | | |
| Available-for-sale | | | | |
| Equity securities | \$17,869 | \$4,472 | \$1,700 | \$20,641 |
| Total | \$17,869 | \$4,472 | \$1,700 | \$20,641 |

Notes to Consolidated Financial Statements

The breakdown of available-for-sale securities, which were sold in the fiscal year that ended on March 31, 2025, was as follows:

| | Millions of yen | | |
|---------------------|-----------------|---------------|---------------|
| | 2025 | | |
| | Proceeds | Realized gain | Realized loss |
| Available-for-sale: | | | |
| Equity securities | ¥511 | ¥367 | ¥1 |
| Total | ¥511 | ¥367 | ¥1 |

| | Thousands of U.S. dollars | | |
|---------------------|---------------------------|---------------|---------------|
| | 2025 | | |
| | Proceeds | Realized gain | Realized loss |
| Available-for-sale: | | | |
| Equity securities | \$3,416 | \$2,457 | \$8 |
| Total | \$3,416 | \$2,457 | \$8 |

There were no available-for-sale securities which were sold in the fiscal year that ended on March 31, 2024.

Write-downs of available-for-sale securities for the year ended March 31, 2024, were ¥870 million (\$5,744 thousand).

There were no available-for-sale securities which were written down in the fiscal year that ended on March 31, 2025.

7. LONG-TERM DEBT

Long-term debt as of March 31, 2024 and 2025, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | 2024 | 2025 | 2025 |
| Long-term debt: | | | |
| 0.927% yen bonds, due 2025 | ¥ 10,000 | ¥ 10,000 | \$ 66,876 |
| Government-owned banks, maturing serially through 2031, annual interest rates of 1.34%–6.13% at March 31, 2024, and 1.34%–5.15% at March 31, 2025 | 9,685 | 7,598 | 50,815 |
| Banks and insurance companies, maturing serially through 2033, annual interest rates of 0.59%–6.68% at March 31, 2024, and 0.95%–5.69% at March 31, 2025 | 46,124 | 37,553 | 251,139 |
| Total | 65,809 | 55,151 | 368,830 |
| Less current portion | 10,793 | 23,021 | 153,957 |
| Long-term debt, less current portion | ¥ 55,016 | ¥ 32,130 | \$ 214,873 |

Annual maturities of long-term debt as of March 31, 2025, were as follows:

| | Millions of yen | Thousands of U.S. dollars |
|------------------------|-----------------|---------------------------|
| | 2025 | 2025 |
| Years ending March 31: | | |
| 2026 | ¥ 23,021 | \$ 153,957 |
| 2027 | 8,416 | 56,282 |
| 2028 | 4,954 | 33,131 |
| 2029 | 4,954 | 33,128 |
| 2030 | 4,953 | 33,125 |
| Thereafter | 8,853 | 59,207 |
| Total | ¥ 55,151 | \$ 368,830 |

Notes to Consolidated Financial Statements

Certain domestic subsidiaries of the Company have concluded lines of credit agreements with nine financial institutions to efficiently manage their working capital. The status of these lines of credit as of March 31, 2024 and 2025, is as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|------------------|-----------------|----------|---------------------------|
| | 2024 | 2025 | 2025 |
| Lines of credit | ¥ 13,200 | ¥ 13,200 | \$ 88,277 |
| Credit utilized | — | — | — |
| Available credit | ¥ 13,200 | ¥ 13,200 | \$ 88,277 |

Assets pledged as collateral as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|------------------------------|-----------------|----------|---------------------------|
| | 2024 | 2025 | 2025 |
| Cash and cash equivalents | ¥ 2,978 | ¥ 3,133 | \$ 20,955 |
| Accounts receivable–trade | 38,217 | 33,517 | 224,150 |
| Lease receivables | 4,310 | 3,961 | 26,488 |
| “Other” under current assets | 507 | 461 | 3,078 |
| Total | ¥ 46,012 | ¥ 41,072 | \$ 274,671 |

(Note) The assets above are pledged as collateral to secure the borrowings under the lines of credit agreements in relation to the maintenance and operations of the X-band satellite relay communications business.

Secured obligations as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | 2024 | 2025 | 2025 |
| Current portion of long-term loans payable | ¥ 4,952 | ¥ 4,952 | \$ 33,115 |
| Long-term loans payable | 32,185 | 27,233 | 182,130 |
| Total | ¥ 37,137 | ¥ 32,185 | \$ 215,245 |

8. EMPLOYEES’ BENEFIT PLANS AND DIRECTORS’ SEVERANCE INDEMNITIES

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

or earlier termination of employment, the length of service, and other factors upon mandatory retirement at the normal retirement age or earlier termination of employment.

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

Changes in defined benefit obligations for the years ended March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------------|-----------------|---------|---------------------------|
| | 2024 | 2025 | 2025 |
| Balance at the beginning of the year | ¥ 6,081 | ¥ 5,959 | \$ 39,852 |
| Current service cost | 460 | 431 | 2,883 |
| Interest cost | 58 | 76 | 506 |
| Actuarial gains | (148) | (330) | (2,201) |
| Benefits paid | (492) | (562) | (3,761) |
| Balance at the end of the year | ¥ 5,959 | ¥ 5,574 | \$ 37,279 |

Changes in defined benefit liabilities calculated using the simplified method for the years ended March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-------|---------------------------|
| | 2024 | 2025 | 2025 |
| Balance at the beginning of the year | ¥ 464 | ¥ 479 | \$ 3,204 |
| Periodic benefit cost | 44 | 39 | 261 |
| Benefit paid | (19) | (160) | (1,069) |
| Reduction associated with change of scope of consolidation | — | (250) | (1,675) |
| Other | (10) | — | — |
| Balance at the end of the year | ¥ 479 | ¥ 108 | \$ 721 |

Notes to Consolidated Financial Statements

A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation as of March 31, 2024 and 2025, was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|--------|---------------------------|
| | 2024 | 2025 | 2025 |
| Unfunded defined benefit obligation | ¥6,438 | ¥5,682 | \$38,000 |
| Net liability for defined benefit obligation | ¥6,438 | ¥5,682 | \$38,000 |

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|--------|---------------------------|
| | 2024 | 2025 | 2025 |
| Liabilities for retirement benefits | ¥6,438 | ¥5,682 | \$38,000 |
| Net liability for defined benefit obligation | ¥6,438 | ¥5,682 | \$38,000 |

Components of net periodic benefit costs for the years ended March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|------|---------------------------|
| | 2024 | 2025 | 2025 |
| Service cost | ¥460 | ¥431 | \$2,883 |
| Interest cost | 58 | 76 | 506 |
| Recognized actuarial losses | 20 | 8 | 54 |
| Amortization of prior service cost | 42 | 44 | 291 |
| Periodic benefit cost under the simplified method | 44 | 39 | 261 |
| Net periodic benefit costs | ¥624 | ¥598 | \$3,995 |

Amounts recognized in other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------|-----------------|------|---------------------------|
| | 2024 | 2025 | 2025 |
| Actuarial losses | ¥169 | ¥337 | \$2,255 |
| Prior service cost | 42 | 44 | 291 |
| Total | ¥211 | ¥381 | \$2,546 |

Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------|-----------------|-------|---------------------------|
| | 2024 | 2025 | 2025 |
| Unrecognized actuarial losses | ¥105 | ¥442 | \$2,958 |
| Unrecognized prior service cost | (390) | (346) | (2,315) |
| Total | ¥(285) | ¥96 | \$643 |

Assumption used for the years ended March 31, 2024 and 2025, was set forth as follows:

| | Millions of yen | |
|---------------|-----------------|------|
| | 2024 | 2025 |
| Discount rate | 1.3% | 1.9% |

The funded status of the multi-employer defined benefit corporate pension plan as of March 31, 2023 (available information as of March 31, 2024) and 2024 (available information as of March 31, 2025), to which contributions were recorded as net periodic retirement benefit costs, was as follows:

| | Millions of yen | |
|-------------------------------------|-----------------|----------|
| | 2023 | 2024 |
| Fair value of plan assets | ¥37,098 | ¥42,202 |
| Pension benefit obligation recorded | 46,156 | 48,300 |
| Difference | ¥(9,058) | ¥(6,098) |

The amounts of contributions to the multi-employer defined benefit corporate pension plan were ¥234 million for the year ended March 31, 2023, and ¥226 million for the year ended March 31, 2024.

The Companies' contribution percentages for the multi-employer defined benefit corporate pension plan as of March 31, 2023 and 2024, were 6.1% and 6.1%, respectively.

The difference for the year ended March 31, 2023, mainly resulted from prior service costs of ¥9,035 million and adjustment of asset valuation of ¥23 million. Prior service cost is amortized over 10 years. The Companies recorded special contributions of ¥64 million as expenses in the consolidated financial statements in the fiscal year ended March 31, 2023.

The difference for the year ended March 31, 2024, mainly resulted from prior service costs of ¥9,030 million and surplus of ¥2,932 million. Prior service cost is amortized over 9 years. The Companies recorded special contributions of ¥63 million as expenses in the consolidated financial statements in the fiscal year ended March 31, 2024.

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

Notes to Consolidated Financial Statements

9. ASSET RETIREMENT OBLIGATIONS

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

The amount of asset retirement obligations is computed using discount rates of 0.1% to 2.4% and estimated useful lives of 10 to 50 years after acquisition.

Changes in asset retirement obligations for the years ended March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|--------|---------------------------|
| | 2024 | 2025 | 2025 |
| Balance at the beginning of the year | ¥2,274 | ¥2,326 | \$15,556 |
| Additional provisions associated with the acquisition of property and equipment | 17 | 37 | 250 |
| Reconciliation associated with passage of time | 35 | 35 | 237 |
| Reduction associated with change of scope of consolidation | — | (133) | (895) |
| Balance at the end of the year | ¥2,326 | ¥2,265 | \$15,148 |

10. EQUITY

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

a. Dividends

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

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

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

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

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

c. Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

With the issuance of shares under the restricted stock compensation plan, stock and capital surplus each increased by ¥47 million for the year ended March 31, 2024 and common stock increased by ¥44 million (\$294 thousand) and capital surplus increased by ¥44 million (\$293 thousand) for the year ended March 31, 2025.

Notes to Consolidated Financial Statements

11. INCOME TAXES

The Companies are subject to a number of different income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2024 and 2025.

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|---------|---------------------------|
| | 2024 | 2025 | 2025 |
| Deferred tax assets: | | | |
| Unearned revenues | ¥ 4,596 | ¥ 4,420 | \$ 29,562 |
| Liabilities for retirement benefits | 1,981 | 1,787 | 11,949 |
| Depreciation | 1,823 | 1,322 | 8,841 |
| Asset retirement obligations | 719 | 716 | 4,787 |
| Tax loss carryforwards (Note) | 592 | 631 | 4,223 |
| Accounts receivable | 103 | 114 | 762 |
| Deferred loss on derivatives under hedge accounting | 141 | 59 | 396 |
| Other | 2,952 | 3,017 | 20,175 |
| Total of tax loss carryforwards and temporary differences | 12,907 | 12,066 | 80,695 |
| Less valuation allowance for tax loss carryforwards | (524) | (574) | (3,840) |
| Less valuation allowance for temporary differences | (1,148) | (1,050) | (7,025) |
| Total valuation allowance | (1,672) | (1,624) | (10,865) |
| Deferred tax assets | 11,235 | 10,442 | 69,830 |
| Deferred tax liabilities: | | | |
| Valuation difference on available-for-sale securities | (3,089) | (199) | (1,333) |
| Deferred gain on derivatives under hedge accounting | (267) | (772) | (5,161) |
| Depreciation in foreign subsidiaries | (1,528) | (2,131) | (14,251) |
| Asset retirement obligations | (193) | (172) | (1,147) |
| Other | (32) | (28) | (185) |
| Deferred tax liabilities | (5,109) | (3,302) | (22,077) |
| Net deferred tax assets | ¥ 6,126 | ¥ 7,140 | \$ 47,753 |

(Note) The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | | | | | |
|---|-------------------|---------------------------------------|--|--|--|------------------|-------|
| | 2024 | | | | | | |
| | 1 Year or Less | After 1 Year through 2 Years | After 2 Years through 3 Years | After 3 Years through 4 Years | After 4 Years through 5 Years | After 5 Years | Total |
| Deferred tax assets relating to tax loss carryforwards (*) | ¥ 44 | ¥ 46 | ¥ 92 | — | ¥ 28 | ¥ 382 | ¥ 592 |
| Less valuation allowances for tax loss carryforwards | (44) | (46) | (92) | — | (28) | (314) | (524) |
| Net deferred tax assets relating to tax loss carryforwards | — | — | — | — | — | 68 | 68 |

| | Millions of yen | | | | | | |
|---|-------------------|---------------------------------------|--|--|--|------------------|-------|
| | 2025 | | | | | | |
| | 1 Year or Less | After 1 Year through 2 Years | After 2 Years through 3 Years | After 3 Years through 4 Years | After 4 Years through 5 Years | After 5 Years | Total |
| Deferred tax assets relating to tax loss carryforwards (*) | ¥ 46 | ¥ 92 | — | ¥ 28 | ¥ 29 | ¥ 436 | ¥ 631 |
| Less valuation allowances for tax loss carryforwards | (46) | (92) | — | (28) | (29) | (379) | (574) |
| Net deferred tax assets relating to tax loss carryforwards | — | — | — | — | — | 57 | 57 |

| | Thousands of U.S. Dollars | | | | | | |
|---|---------------------------|---------------------------------------|--|--|--|------------------|----------|
| | 2025 | | | | | | |
| | 1 Year or Less | After 1 Year through 2 Years | After 2 Years through 3 Years | After 3 Years through 4 Years | After 4 Years through 5 Years | After 5 Years | Total |
| Deferred tax assets relating to tax loss carryforwards (*) | \$ 310 | \$ 619 | — | \$ 188 | \$ 196 | \$ 2,910 | \$ 4,223 |
| Less valuation allowances for tax loss carryforwards | (310) | (619) | — | (188) | (196) | (2,527) | (3,840) |
| Net deferred tax assets relating to tax loss carryforwards | — | — | — | — | — | 383 | 383 |

* Tax loss carryforward was calculated using the statutory tax rate.

Notes to Consolidated Financial Statements

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2024 and 2025, is as follows:

| | 2024 | 2025 |
|---|-------|-------|
| Normal effective statutory tax rate | 30.6% | 30.6% |
| Expenses not deductible for income tax purposes (e.g., entertainment expenses) | 0.3 | 0.3 |
| Change in valuation allowance | 0.6 | (0.3) |
| Share of profit or loss of investments accounted for using the equity method | 0.4 | 1.3 |
| Increase in year-end deferred tax assets resulting from a change in effective statutory tax rate | — | (0.8) |
| Other | (1.0) | (0.9) |
| Actual effective tax rate | 30.9% | 30.2% |

Due to the tax law amendment, the normal effective statutory tax rate for deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be reduced after the fiscal year beginning on April 1, 2026, has been changed from 30.62% to 31.52%.

As a result of this change, deferred tax assets (net to deferred tax liabilities) for the current fiscal year increased by ¥208 million, and income taxes-deferred decreased by ¥222 million.

The group tax sharing system has been adopted and accounting and disclosure of income taxes and local income taxes, as well as related tax effect accounting, is in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021).

12. REVENUE

(1) Information on disaggregation of revenue

The Group disaggregates revenue from contracts with customers by type of service, based on the contracts with customers.

Relations between the disaggregated revenue and segment operating revenue for the years ended March 31, 2024 and 2025, were as follows:

| Segment | Type of major goods or services | Amount Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|---------------------------------|---------------------------|-----------|------------------------------|
| | | 2024 | 2025 | 2025 |
| Space Business | Communications | ¥ 50,955 | ¥ 53,717 | \$ 359,242 |
| | Broadcasting | 7,322 | 6,884 | 46,036 |
| | Total | 58,277 | 60,601 | 405,279 |
| Media Business | Subscription fees (Note 1) | 15,295 | 14,077 | 94,145 |
| | Service charge | 14,814 | 14,330 | 95,831 |
| | Basic fees | 10,260 | 9,648 | 64,524 |
| | FTTH business | 8,769 | 9,091 | 60,795 |
| | Other | 14,458 | 15,974 | 106,829 |
| | Total | 63,596 | 63,120 | 422,124 |
| Sales to external customers (Note2) | | ¥ 121,873 | ¥ 123,721 | \$ 827,403 |

(Note 1) The amount of total consideration received from subscribers less the amount payable to program supply business operators is recognized as revenue.

(Note 2) Sales to external customers includes net sales of ¥5,483 million for the year ended March 31, 2024, and ¥5,534 million (\$37,021 thousand) for the year ended March 31, 2025 arising from sources other than “Revenues from contracts with customers.”

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

The information is as described in Note 2. o.

Notes to Consolidated Financial Statements

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

i) Contract balances

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

| | Millions of yen |
|--|-----------------|
| | 2024 |
| Receivables from contracts with customers: | |
| Balance at beginning of year | ¥61,045 |
| Balance at end of year | 56,556 |
| Contract liabilities: | |
| Balance at beginning of year | 19,304 |
| Balance at end of year | 21,938 |

Contract liabilities primarily consist of advance consideration received from customers of communications service in the Space business. These contract liabilities are transferred to revenue at the time when the Companies satisfies obligations based on relevant contracts. Contract liabilities are included in “unearned revenues” and “other” under current liabilities and “other” under non-current liabilities on the consolidated balance sheet.

Of the amount of revenue recognized during the previous fiscal year, the amount that was included in contract liabilities as of the beginning of the fiscal year was ¥4,416 million.

Major factors for the changes in contract liabilities during the previous fiscal year are an increase due to the receipt of consideration and a decrease due to recognition of revenue. In the previous fiscal year, there was no revenue recognized from performance obligations that were satisfied in fiscal years prior to 2024.

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

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| | 2025 | 2025 |
| Receivables from contracts with customers: | | |
| Balance at beginning of year | ¥56,556 | \$378,223 |
| Balance at end of year | 52,503 | 351,123 |
| Contract liabilities: | | |
| Balance at beginning of year | 21,938 | 146,708 |
| Balance at end of year | 21,202 | 141,791 |

Contract liabilities primarily consist of advance consideration received from customers of communications service in the Space business. These contract liabilities are transferred to revenue at the time when the Companies satisfies obligations based on relevant contracts. Contract liabilities are included in “unearned revenues” and “other” under current liabilities and “other” under non-current liabilities on the consolidated balance sheet.

Of the amount of revenue recognized during the current fiscal year, an amount that was included in contract liabilities as of the beginning of the consolidated fiscal year was ¥5,082 million (\$33,988 thousand).

Major factors for the changes in contract liabilities during the current fiscal year are an increase due to the receipt of consideration and a decrease due to recognition of revenue. In the current fiscal year, there was no revenue recognized from performance obligations that were satisfied in previous fiscal years.

ii) Transaction prices allocated to remaining performance obligations

Transaction prices allocated to the remaining performance obligations are ¥151,632 million at the end of the previous fiscal year. These obligations mainly pertain to significant long-term contracts in the Space business, and are expected to be recognized over the next one to 20 years. For the previous fiscal year, the Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not disclose contracts with an original expected duration of one year or less.

Transaction prices allocated to the remaining performance obligations amount to ¥133,358 million (\$891,846 thousand) at the end of the current fiscal year. These obligations mainly pertain to long-term contracts in the Space business, and are expected to be recognized over the next one to 19 years.

Notes to Consolidated Financial Statements

13. LEASES

a. Finance Lease

As lessor:

Annual maturities of lease receivables are as follows:

| | Millions of yen | Thousands of U.S. dollars |
|------------------------|-----------------|---------------------------|
| | 2025 | 2025 |
| Years ending March 31: | | |
| 2026 | ¥ 3,396 | \$ 22,709 |
| 2027 | 3,247 | 21,716 |
| 2028 | 3,414 | 22,831 |
| 2029 | 3,593 | 24,026 |
| 2030 | 3,790 | 25,345 |
| Thereafter | 22,398 | 149,797 |
| Total | ¥ 39,838 | \$ 266,424 |

b. Operating Lease

As lessee:

The minimum rental commitments under noncancelable operating leases as of March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------|-----------------|---------|---------------------------|
| | 2024 | 2025 | 2025 |
| Due within one year | ¥ 803 | ¥ 754 | \$ 5,040 |
| Due after one year | 1,900 | 1,151 | 7,696 |
| Total | ¥ 2,703 | ¥ 1,904 | \$ 12,736 |

14. COST OF SERVICES

Write-down of inventories and other assets, which were charged to cost of services for the years ended March 31, 2024 and 2025, amounted to ¥122 million and ¥166 million (\$1,111 thousand), respectively.

15. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Major components of selling, general, and administrative expenses for the years ended March 31, 2024 and 2025, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|----------|---------------------------|
| | 2024 | 2025 | 2025 |
| Salaries and wages | ¥ 5,143 | ¥ 5,403 | \$ 36,130 |
| Provision for accrued bonuses | 434 | 429 | 2,865 |
| Net periodic benefit costs | 379 | 362 | 2,419 |
| Advertising expenses | 3,932 | 3,983 | 26,635 |
| Sales promotion expenses | 2,776 | 2,627 | 17,571 |
| Sales incentives | 296 | 303 | 2,029 |
| Subcontracting fees | 7,124 | 7,794 | 52,124 |
| Research and development expenses | 154 | 104 | 697 |
| Other | 8,399 | 8,833 | 59,073 |
| Total | ¥ 28,637 | ¥ 29,838 | \$ 199,543 |

Notes to Consolidated Financial Statements

16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for Financial Instruments

The Companies procure funds through bank loans and issuance of bonds. Temporary cash surpluses, if any, are invested in low-risk financial assets. Derivatives are not used for speculative purposes, but for managing exposure to financial risks as described in Note 17.

b. Nature of, Risks Arising from, and Risk Management for Financial Instruments

Accounts receivable and lease receivables are exposed to customer credit risk. The Companies manage their credit risk from receivables in accordance with internal credit control rules, which include monitoring payment due dates and balances of customers, and periodic assessment of the credit standing of major customers.

Cash equivalents are mainly bonds, which are exposed to credit risk, held for the purpose of investing temporary cash surpluses. To mitigate these risks, the Companies invest in only highly rated bonds.

Available-for-sale securities are listed stocks, and are exposed to market risk. To mitigate the risk, the Companies assess fair values and financial conditions of the issuer periodically and review status of ownership on an on-going basis.

Payment terms of the majority of trade payables, such as accounts payable—trade and accounts payable—other, are less than one year. These trade payables are exposed to liquidity risk related to funding. The Companies manage such risk by preparing and executing financing plans that maintain a certain amount of liquidity in hand and concluding lines of credit agreements with respective financial institutions.

Bank loans and bonds are used to fund Private Finance Initiative (PFI) projects, business investment, and capital investment. Of these financial instruments, floating-interest-rate loans are exposed to interest rate risk. Some of such loans are hedged using interest rate swaps to fix interest on loans.

Derivatives include forward exchange contracts used to hedge against the market risk resulting from fluctuations in foreign currency exchange rates related to financing the purchase of broadcasting rights and capital expenditures of telecommunications satellites, etc. and interest rate swaps used to hedge against changes in interest rates on bank loans.

The Companies execute and manage derivative transactions in accordance with the internal policies that define transaction authority. The Companies enter into derivative transactions only with financial institutions with a high credit rating to minimize credit risk exposure.

c. Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. The results of valuations may differ based on assumptions used because rational valuation techniques include variable factors. The nominal amounts disclosed in Note 17 do not reflect market risks regarding derivative transactions.

The fair values of “Cash and cash equivalents,” “Accounts payable,” “Income taxes payable” and “Subscription fees received” are not disclosed because they are in cash or are to be settled in a short period of time, so their fair values approximate their carrying values.

Fair value of financial instruments:

| | Millions of yen | | |
|---|-----------------|------------|----------------------|
| | 2024 | | |
| | Carrying amount | Fair value | Unrealized gain/loss |
| Accounts receivable | ¥ 57,496 | | |
| Allowance for doubtful accounts | (84) | | |
| Net | ¥ 57,412 | ¥ 57,857 | ¥ 445 |
| Lease receivables | 43,132 | 42,692 | (440) |
| Investment in and advances to affiliated companies: | | | |
| Current portion of advances | 4,397 | 4,397 | — |
| Investment securities: | | | |
| Available-for-sale securities | 12,672 | 12,672 | — |
| Investment in and advances to affiliated companies: | | | |
| Advances | 9,440 | 9,440 | — |
| Total | 127,053 | 127,058 | 5 |
| Current portion of long-term debt: | | | |
| Current portion of bonds payable | 10,793 | 10,802 | 9 |
| Long-term debt: | | | |
| Bonds payable | 10,000 | 10,052 | 52 |
| Long-term loans payable | 45,016 | 45,434 | 418 |
| Total | 65,809 | 66,288 | 479 |
| Derivative transactions | ¥ 603 | ¥ 603 | ¥ — |

Notes to Consolidated Financial Statements

| | Millions of yen | | |
|---|-----------------|------------|----------------------|
| | 2025 | | |
| | Carrying amount | Fair value | Unrealized gain/loss |
| Accounts receivable | ¥ 53,156 | | |
| Allowance for doubtful accounts | (74) | | |
| Net | ¥ 53,082 | ¥ 52,732 | ¥ (349) |
| Lease receivables | 39,838 | 38,179 | (1,660) |
| Investment in and advances to affiliated companies: | | | |
| Current portion of advances | 6,634 | 6,634 | — |
| Investment securities: | | | |
| Available-for-sale securities | 3,087 | 3,087 | — |
| Investment in and advances to affiliated companies: | | | |
| Advances | 3,894 | 3,894 | — |
| Total | 106,535 | 104,526 | (2,009) |
| Current portion of long-term debt: | | | |
| Current portion of long-term loans payable | 13,021 | 13,024 | 3 |
| Long-term debt: | | | |
| Bonds payable | 10,000 | 9,997 | (3) |
| Long-term loans payable | 32,130 | 31,992 | (138) |
| Total | 55,151 | 55,013 | (138) |
| Derivative transactions | ¥ 2,437 | ¥ 2,437 | ¥ — |

| | Thousands of U.S. dollars | | |
|---|---------------------------|------------|----------------------|
| | 2025 | | |
| | Carrying amount | Fair value | Unrealized gain/loss |
| Accounts receivable | \$ 355,485 | | |
| Allowance for doubtful accounts | (494) | | |
| Net | \$ 354,991 | \$ 352,653 | \$ (2,337) |
| Lease receivables | 266,424 | 255,327 | (11,098) |
| Investment in and advances to affiliated companies: | | | |
| Current portion of advances | 44,366 | 44,366 | — |
| Investment securities: | | | |
| Available-for-sale securities | 20,641 | 20,641 | — |
| Investment in and advances to affiliated companies: | | | |
| Advances | 26,041 | 26,041 | — |
| Total | 712,462 | 699,028 | (13,435) |
| Current portion of long-term debt: | | | |
| Current portion of long-term loans payable | 87,081 | 87,101 | 20 |
| Long-term debt: | | | |
| Bonds payable | 66,876 | 66,855 | (21) |
| Long-term loans payable | 214,873 | 213,953 | (920) |
| Total | 368,830 | 367,909 | (921) |
| Derivative transactions | \$ 16,296 | \$ 16,296 | \$ — |

Notes to Consolidated Financial Statements

Carrying amount of financial instruments whose fair value cannot be reliably determined as of March 31, 2024 and carrying amount of equity instruments that do not have a quoted market price in an active market as of March 31, 2025:

| | Carrying amount | | |
|---|-----------------|---------------------------|-----------|
| | Millions of yen | Thousands of U.S. dollars | |
| | 2024 | 2025 | 2025 |
| Investment in affiliated companies | ¥24,542 | ¥32,921 | \$220,161 |
| Investment in equity instruments that do not have a quoted market price in an active market | 1,008 | 956 | 6,392 |
| Investments in partnerships | 722 | 806 | 5,393 |
| Total | ¥26,272 | ¥34,683 | \$231,946 |

Maturity analysis for financial assets and securities with contractual maturities:

| | Millions of yen | | | |
|---|-------------------------|---------------------------------------|--|---------------------|
| | 2025 | | | |
| | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash equivalents | ¥35,962 | ¥ — | ¥ — | ¥ — |
| Accounts receivable | 25,912 | 19,652 | 7,370 | — |
| Lease receivables | 3,395 | 14,044 | 21,567 | 832 |
| Investment in and advances to affiliated companies: | | | | |
| Current portion of advances | 6,634 | — | — | — |
| Advances | — | 3,894 | — | — |
| Total | ¥71,903 | ¥37,590 | ¥28,937 | ¥832 |

| | Thousands of U.S. dollars | | | |
|---|---------------------------|---------------------------------------|--|---------------------|
| | 2025 | | | |
| | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash equivalents | \$240,499 | \$ — | \$ — | \$ — |
| Accounts receivable | 173,288 | 131,426 | 49,285 | — |
| Lease receivables | 22,709 | 93,918 | 144,236 | 5,561 |
| Investment in and advances to affiliated companies: | | | | |
| Current portion of advances | 44,366 | — | — | — |
| Advances | — | 26,041 | — | — |
| Total | \$480,862 | \$251,385 | \$193,521 | \$5,561 |

Financial instruments categorized by fair value hierarchy:

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

| | Millions of yen | | | |
|-------------------------------|-----------------|---------|---------|--------|
| | 2025 | | | |
| | Fair value | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | ¥3,087 | ¥ — | ¥ — | ¥3,087 |
| Derivative transactions | | | | |
| Currency-related | — | 2,434 | — | 2,434 |
| Interest rate-related | — | 98 | — | 98 |
| Total assets | 3,087 | 2,532 | — | 5,619 |
| Derivative transactions | | | | |
| Currency-related | — | 49 | — | 49 |
| Interest rate-related | — | 47 | — | 47 |
| Total liabilities | ¥ — | ¥ 96 | ¥ — | ¥ 96 |

| | Thousands of U.S. dollars | | | |
|-------------------------------|---------------------------|---------|---------|----------|
| | 2025 | | | |
| | Fair value | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | \$20,641 | \$ — | \$ — | \$20,641 |
| Derivative transactions | | | | |
| Currency-related | — | 16,277 | — | 16,277 |
| Interest rate-related | — | 657 | — | 657 |
| Total assets | 20,641 | 16,934 | — | 37,575 |
| Derivative transactions | | | | |
| Currency-related | — | 325 | — | 325 |
| Interest rate-related | — | 313 | — | 313 |
| Total liabilities | \$ — | \$ 638 | \$ — | \$ 638 |

Notes to Consolidated Financial Statements

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

| Millions of yen | | | | |
|--|---------|----------|---------|----------|
| 2025 | | | | |
| Fair value | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Accounts receivable—trade | ¥ — | ¥ 52,732 | ¥ — | ¥ 52,732 |
| Lease receivables | — | 38,179 | — | 38,179 |
| Short-term loans receivable | — | 6,634 | — | 6,634 |
| Long-term loans receivable | — | 3,894 | — | 3,894 |
| Total assets | — | 101,439 | — | 101,439 |
| Current portion of long-term loans payable | — | 13,024 | — | 13,024 |
| Current portion of Bonds payable | — | 9,997 | — | 9,997 |
| Long-term loans payable | — | 31,992 | — | 31,992 |
| Total liabilities | ¥ — | ¥ 55,013 | ¥ — | ¥ 55,013 |

| Thousands of U.S. dollars | | | | |
|--|---------|------------|---------|------------|
| 2025 | | | | |
| Fair value | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Accounts receivable—trade | \$ — | \$ 352,653 | \$ — | \$ 352,653 |
| Lease receivables | — | 255,327 | — | 255,327 |
| Short-term loans receivable | — | 44,366 | — | 44,366 |
| Long-term loans receivable | — | 26,041 | — | 26,041 |
| Total assets | — | 678,387 | — | 678,387 |
| Current portion of long-term loans payable | — | 87,101 | — | 87,101 |
| Current portion of Bonds payable | — | 66,855 | — | 66,855 |
| Long-term loans payable | — | 213,953 | — | 213,953 |
| Total liabilities | \$ — | \$ 367,909 | \$ — | \$ 367,909 |

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment securities

Available-for-sale securities are listed equity securities only, and are measured at the quoted market prices. As listed equity securities are traded in active markets, their fair values are classified as Level 1.

Derivative transactions

Derivative transactions are interest rate swaps and forward exchange contracts. As the fair value of derivatives is determined based on the prices provided by the financial institutions, their fair value is classified as Level 2. Since derivatives to which special treatment for interest rate swaps is applied are treated together with long-term loans payable that are deemed as hedged items, their fair value is included in the fair value of long-term loans payable.

Accounts receivable – trade and Lease receivables

As the fair values of receivables with a longer collection period are stated at present value, which is determined by categorizing receivables by a certain period and discounting them at the rate that incorporates the period to maturity and credit risk, their fair values are classified as Level 2. The carrying amounts of these receivables with a short collection period approximate their fair values.

Short-term loans receivable and Long-term loans receivable

The fair value of short-term loans receivable and long-term loans receivable is determined based on the present value as calculated by categorizing the loans by a certain period and discounting the aggregate value of the principal and interest using an interest rate equal to an appropriate index such as the yield of government bonds plus the credit spread. Their fair value is therefore classified as Level 2. These receivables are extended at floating interest rates that reflect market interest rates within a short period, and accordingly, their fair values approximate the carrying amounts, as the credit standing of borrowers has not changed significantly from the time they were extended those loans.

Bonds payable

As the fair value of bonds payable is determined based on the present value as calculated by discounting the aggregate value of the principal and interest using an interest rate for the remaining period and reflecting credit risk of the applicable bond, its fair value is classified as Level 2.

Current portion of long-term loans payable and Long-term loans payable

Fair values of the current portion of long-term loans payable and long-term loans payable with fixed interest rates are determined based on the present value as calculated by categorizing the loans by a certain period and discounting the aggregate value of the principal and interest (for long-term loans payable that are subject to special treatment for interest rate swaps, the aggregate value of the principal and interest using the rate of the interest swaps) using an interest rate for similar new loans. Their fair values are therefore classified as Level 2. The carrying amounts of the current portion of long-term loans payable and long-term loans payable with floating interest rates approximate their fair values because the interest rates of the loans are variable, and reflect market interest rates and the loans are of short duration. In addition, the credit standing of the Companies has not varied greatly from the time it executed the financing transactions.

Notes to Consolidated Financial Statements

17. DERIVATIVE INSTRUMENTS

Certain consolidated subsidiaries of the Company use derivative financial instruments, which include foreign exchange forward contracts and interest rate swap contracts. Foreign exchange forward contracts are used for the purpose of reducing the risk arising from changes in anticipated cash flows of forecasted transactions associated with certain payments for overseas broadcasting rights and telecommunications satellites. Interest rate swap contracts are used to reduce the risk of increasing interest payments on loans due to increases in market rates.

The notional amounts of derivatives that are shown in the table below do not represent the amounts exchanged by the parties and do not measure exposure to credit or market risks of certain consolidated subsidiaries of the Company.

There were no derivative transactions to which hedge accounting was not applied as of March 31, 2024 and 2025.

Derivative transactions to which hedge accounting was applied as of March 31, 2024 and 2025, were as follows:

| | | Millions of yen | | |
|---|--|-----------------|------------------------------------|------------|
| | | 2024 | | |
| Hedged item | | Contract amount | Contract amount due after one year | Fair value |
| Foreign exchange forward contracts | | | | |
| Buying U.S. dollars | Forecasted foreign currency transactions | ¥ 936 | ¥ — | ¥ 115 |
| Buying euro | Forecasted foreign currency transactions | 3,749 | — | 758 |
| Interest rate swap | | | | |
| (Fixed rate payment, floating rate receipt) | Long-term debt | 16,559 | 14,351 | (269) |
| Method of hedge accounting: Special treatment (Note 2. s) | | | | |
| Interest rate swap | | | | |
| (Fixed rate payment, floating rate receipt) | Long-term debt | ¥ 20,500 | ¥ 17,767 | ¥ — |

| | | Millions of yen | | |
|---|--|-----------------|------------------------------------|------------|
| | | 2025 | | |
| Hedged item | | Contract amount | Contract amount due after one year | Fair value |
| Foreign exchange forward contracts | | | | |
| Buying U.S. dollars | Forecasted foreign currency transactions | ¥ 5,150 | ¥ — | ¥ (9) |
| Buying euro | Forecasted foreign currency transactions | 57,219 | 28,982 | 2,395 |
| Interest rate swap | | | | |
| (Fixed rate payment, floating rate receipt) | Long-term debt | ¥ 14,351 | ¥ 12,143 | ¥ 51 |
| Method of hedge accounting: Special treatment (Note 2. s) | | | | |
| Interest rate swap | | | | |
| (Fixed rate payment, floating rate receipt) | Long-term debt | ¥ 17,767 | ¥ 15,033 | ¥ — |

| | | Thousands of U.S. dollars | | |
|---|--|---------------------------|------------------------------------|------------|
| | | 2025 | | |
| Hedged item | | Contract amount | Contract amount due after one year | Fair value |
| Foreign exchange forward contracts | | | | |
| Buying U.S. dollars | Forecasted foreign currency transactions | \$ 34,442 | \$ — | \$ (63) |
| Buying euro | Forecasted foreign currency transactions | 382,661 | 193,819 | 16,015 |
| Interest rate swap | | | | |
| (Fixed rate payment, floating rate receipt) | Long-term debt | 95,974 | 81,209 | 344 |
| Method of hedge accounting: Special treatment (Note 2. s) | | | | |
| Interest rate swap | | | | |
| (Fixed rate payment, floating rate receipt) | Long-term debt | \$ 118,817 | \$ 100,537 | \$ — |

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

Notes to Consolidated Financial Statements

18. COMPREHENSIVE INCOME

Other comprehensive income for the years ended March 31, 2024 and 2025, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-----------|---------------------------|
| | 2024 | 2025 | 2025 |
| Other comprehensive income: | | | |
| Unrealized gain (loss) on available-for-sale securities | | | |
| Gains (losses) arising during the year | ¥9,473 | ¥ (9,592) | \$ (64,150) |
| Reclassification adjustments to profit or loss | 851 | — | — |
| Amount before income tax effect | 10,324 | (9,592) | (64,150) |
| Income tax effect | (3,168) | 2,941 | 19,664 |
| Total | 7,156 | (6,652) | (44,484) |
| Deferred gain on derivatives under hedge accounting | | | |
| Gains arising during the year | 1,811 | 2,747 | 18,371 |
| Reclassification adjustments to profit or loss | 18 | 15 | 100 |
| Amounts transferred to the initial carrying amounts of hedged items | (1,102) | (914) | (6,110) |
| Amount before income tax effect | 727 | 1,848 | 12,361 |
| Income tax effect | (224) | (576) | (3,851) |
| Total | 503 | 1,272 | 8,510 |
| Foreign currency translation adjustments | 215 | 3,500 | 23,404 |
| Remeasurement of defined retirement benefit plans | | | |
| Gains arising during the year | 148 | 329 | 2,201 |
| Reclassification adjustments to profit or loss | 63 | 52 | 345 |
| Amount before income tax effect | 211 | 381 | 2,546 |
| Income tax effect | (64) | (117) | (785) |
| Total | 147 | 263 | 1,761 |
| Share of other comprehensive income in affiliated companies accounted for using the equity method | | | |
| Gains arising during the year | 55 | 1 | 8 |
| Reclassification adjustments to profit or loss | (2) | — | — |
| Amounts transferred to the initial carrying amounts of hedged items | (8) | (15) | (101) |
| Total | 45 | (14) | (94) |
| Total other comprehensive income | ¥8,066 | ¥ (1,631) | \$ (10,903) |

19. RELATED-PARTY DISCLOSURES

Year Ended March 31, 2024

Transactions of the Companies with affiliated companies for the year ended March 31, 2024, were as follows:

| | Millions of yen |
|--------------------------------|-----------------|
| Correction of loans receivable | ¥3,848 |
| Receipt of interest | ¥1,185 |

The balances due to or from the Companies with affiliated companies at March 31, 2024, were as follows:

| | Millions of yen |
|---|-----------------|
| Current portion of long-term loans receivable | ¥4,397 |
| Long-term loans receivable | ¥9,440 |
| Current assets—other | ¥ 168 |

Year Ended March 31, 2025

Transactions of the Companies with affiliated companies for the year ended March 31, 2025, were as follows:

| | Millions of yen | Thousands of U.S. dollars |
|--------------------------------|-----------------|---------------------------|
| Correction of loans receivable | ¥4,702 | \$31,444 |
| Receipt of interest | ¥1,013 | \$ 6,774 |

The balances due to or from the Companies with affiliated companies at March 31, 2025, were as follows:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Current portion of long-term loans receivable | ¥6,634 | \$44,366 |
| Long-term loans receivable | ¥3,894 | \$26,041 |
| Current assets—other | ¥ 113 | \$ 759 |

Notes to Consolidated Financial Statements

20. SEGMENT INFORMATION

The Companies are required to report financial and descriptive information about their reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available, and for which such information is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Company's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies. The Companies have established service divisions in SKY Perfect JSAT Corporation, which is a core operating consolidated subsidiary of the Company, and such service divisions design the strategies for their services and deploy operating activities. The Company consists of service segments based on the operating divisions of SKY Perfect JSAT Corporation, which include the Space Business and the Media Business as reportable segments. The Space Business offers satellite circuits to the broadcasting businesses, and satellite communication services, such as data communication and mobile communication, to the government, public entities, and corporations. The Media Business offers platform services, such as customer management activities, to the broadcasting businesses, and delivers broadcasting and streaming services via communication satellites and fiber-optic networks.

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

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

Intersegment sales or transfers are determined based on market prices.

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

| | Millions of yen | | | |
|--|-----------------|----------------|-----------------------------|--------------------------|
| | 2024 | | | |
| | Space Business | Media Business | Reconciliations (Note 1) | Consolidated (Note 2) |
| Sales to external customers | ¥ 58,277 | ¥ 63,596 | ¥ — | ¥ 121,873 |
| Intersegment sales or transfers | 6,473 | 2,933 | (9,406) | — |
| Total | 64,750 | 66,529 | (9,406) | 121,873 |
| Operating profit | ¥ 22,799 | ¥ 4,402 | ¥ (655) | ¥ 26,546 |
| Segment profit (profit attributable to owners of the parent) | 15,532 | 2,548 | (341) | 17,739 |
| Segment assets | 249,690 | 38,399 | 117,322 | 405,411 |
| Other: | | | | |
| Depreciation and amortization | 13,046 | 6,947 | 239 | 20,232 |
| Amortization of goodwill | — | — | — | — |
| Investment in affiliated companies accounted for using the equity method | 20,202 | 4,340 | — | 24,542 |
| Increase in property and equipment and intangible assets | 12,217 | 3,991 | 218 | 16,426 |

Note 1. Reconciliation is as follows:

- (1) Segment profit of ¥(341) million consists of ¥78 million of intersegment sales and ¥(419) million of corporate profit (loss) not allocated to each reportable segment. Corporate profit (loss) mainly consists of general and administrative expenses, non-operating income (loss) and tax expenses that are not attributable to any segment.
- (2) Segment assets of ¥117,322million consist of ¥(265) million of intersegment assets and ¥117,587 million of corporate assets not allocated to each reportable segment. Corporate assets mainly consist of cash and cash equivalents and assets related to administrative divisions.
- (3) Depreciation and amortization of ¥239 million represents depreciation of corporate assets not allocated to each reportable segment.
- (4) An increase in property and equipment and intangible assets of ¥218 million represents increases in property and equipment and intangible assets not allocated to each reportable segment.

Note 2. Segment profit is reconciled with profit attributable to owners of the parent in the consolidated statement of income.

Notes to Consolidated Financial Statements

| | Millions of yen | | | |
|--|-----------------|----------------|-----------------------------|--------------------------|
| | 2025 | | | |
| | Space Business | Media Business | Reconciliations (Note 1) | Consolidated (Note 2) |
| Sales to external customers | ¥ 60,601 | ¥ 63,121 | ¥ — | ¥ 123,722 |
| Intersegment sales or transfers | 4,101 | 2,394 | (6,495) | — |
| Total | 64,702 | 65,515 | (6,495) | 123,722 |
| Operating profit | ¥ 21,979 | ¥ 6,266 | ¥ (756) | ¥ 27,489 |
| Segment profit (profit attributable to owners of the parent) | 15,218 | 4,434 | (546) | 19,106 |
| Segment assets | 248,635 | 37,498 | 117,281 | 403,414 |
| Other: | | | | |
| Depreciation and amortization | 12,405 | 5,670 | 209 | 18,284 |
| Amortization of goodwill | — | — | — | — |
| Investment in affiliated companies accounted for using the equity method | 28,568 | 4,353 | — | 32,921 |
| Increase in property and equipment and intangible assets | 19,234 | 4,987 | 161 | 24,382 |

| | Thousands of U.S. dollars | | | |
|--|---------------------------|----------------|-----------------------------|--------------------------|
| | 2025 | | | |
| | Space Business | Media Business | Reconciliations (Note 1) | Consolidated (Note 2) |
| Sales to external customers | \$ 405,279 | \$ 422,124 | \$ — | \$ 827,403 |
| Intersegment sales or transfers | 27,423 | 16,010 | (43,433) | — |
| Total | 432,702 | 438,134 | (43,433) | 827,403 |
| Operating profit | \$ 146,984 | \$ 41,904 | \$ (5,053) | \$ 183,835 |
| Segment profit (profit attributable to owners of the parent) | 101,773 | 29,650 | (3,648) | 127,775 |
| Segment assets | 1,662,775 | 250,772 | 784,333 | 2,697,880 |
| Other: | | | | |
| Depreciation and amortization | 82,955 | 37,920 | 1,399 | 122,274 |
| Amortization of goodwill | — | — | — | — |
| Investment in affiliated companies accounted for using the equity method | 191,054 | 29,107 | — | 220,161 |
| Increase in property and equipment and intangible assets | 128,628 | 33,353 | 1,078 | 163,059 |

Note 1. Reconciliation is as follows:

- (1) Segment profit of ¥(546) million (\$ (3,648) thousand) consists of ¥(78) million (\$ (518) thousand) of intersegment sales and ¥(468) million (\$ (3,130) thousand) of corporate profit (loss) not allocated to each reportable segment. Corporate profit (loss) mainly consists of general and administrative expenses, non-operating income (loss) and tax expenses that are not attributable to any segment.
- (2) Segment assets of ¥117,281 million (\$784,333 thousand) consist of ¥(229) million (\$ (1,540) thousand) of intersegment assets and ¥117,512 million (\$785,873 thousand) of corporate assets not allocated to each reportable segment. Corporate assets mainly consist of cash and cash equivalents and assets related to administrative divisions.
- (3) Depreciation and amortization of ¥209 million (\$1,399 thousand) represents depreciation of corporate assets not allocated to each reportable segment.
- (4) An increase in property and equipment and intangible assets of ¥161 million (\$1,078 thousand) represents increases in property and equipment and intangible assets not allocated to each reportable segment.

Note 2. Segment profit is reconciled with profit attributable to owners of the parent in the consolidated statement of income.

Notes to Consolidated Financial Statements

Related information:

1. Information about products and services

Information about products and services is omitted as the same information is disclosed in “Information about sales, profit, assets, liabilities and other items” above.

2. Information about geographical areas

(1) Sales

Information about geographical areas as of March 31, 2024 and 2025, was as follows:

| | Millions of yen | | |
|-------|-----------------|----------|--------------|
| | 2024 | | |
| | In Japan | External | Consolidated |
| Sales | ¥108,262 | ¥13,611 | ¥121,873 |

| | Millions of yen | | |
|-------|-----------------|----------|--------------|
| | 2025 | | |
| | In Japan | External | Consolidated |
| Sales | ¥109,390 | ¥14,332 | ¥123,722 |

| | Thousands of U.S. dollars | | |
|-------|---------------------------|----------|--------------|
| | 2025 | | |
| | In Japan | External | Consolidated |
| Sales | \$731,556 | \$95,847 | \$827,403 |

(2) Property and equipment

Under Japanese accounting standards, the Companies are not required to disclose geographical segment information about property and equipment because property and equipment located in Japan represented more than 90% of that of the Companies for the fiscal years ended March 31, 2024 and 2025.

3. Information about major customers

Under Japanese accounting standards, the Companies are not required to disclose major customer information because sales to any one external customer do not represent more than 10% of that of the Companies for the fiscal years ended March 31, 2024 and 2025.

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

No Impairment losses were recognized for the fiscal years ended March 31, 2024 and 2025.

Information about goodwill and its amortization:

No amortization of goodwill was recognized for the fiscal years ended March 31, 2024 and 2025.

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

No negative goodwill was recognized for the fiscal year ended March 31, 2024.

In the Space Business segment, negative goodwill of ¥74 million (\$ 492 thousand) was recorded due to the additional acquisition of shares in MCC Co., Ltd., an equity-method affiliate. The recorded amount of profit on negative goodwill was included in the “Share of profit of investments accounted for using the equity method ” in the consolidated statement of income for the fiscal year ended March 31, 2025.

21. SUBSEQUENT EVENTS

Establishment of a subsidiary

On February 20, 2025, the Company established JSAT Beyond Innovation LLC as a consolidated subsidiary.

(1) Purpose

Currently the SKY Perfect JSAT Group procures satellite imagery data from earth observation satellite constellation operators and provides satellite imagery sales and data analysis services. At the new company, we will strengthen our ability to stably supply satellite imagery and establish a competitive advantage by building and owning an Earth observation satellite constellation ourselves. We will steadily capture the growing demand for Earth observation satellite imagery in the national security field and the disaster prevention and mitigation fields to expand our core profitability.

(2) Overview of the newly established subsidiary

| | |
|--|--|
| Name | JSAT Beyond Innovation LLC |
| Location | Delaware, United States |
| Business | The ownership and operation of next-generation satellite constellation |
| Time of establishment | February 20, 2025 |
| Amount of capital, etc. at time of establishment | US \$—* |
| Shareholders and shareholding ratio | JSAT International Inc. (100%) |
| Accounting period | December |

* After the establishment, capital increases will be carried out incrementally, with the goal of reaching 230 million USD by the end of the FY2026.

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SKY Perfect JSAT Holdings Inc.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of SKY Perfect JSAT Holdings Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Member of
Deloitte Touche Tohmatsu Limited

Recognition of the revenue from the media business, which is recorded based on a Customer Relationship Management system

| Key Audit Matter Description | How the Key Audit Matter Was Addressed in the Audit |
|--|--|
| <p>Of the revenue from the media business, the basic fees and viewing fees from SKY PerfectTV subscribers and the handling fees from the subcontracted broadcasters who operate the channels (hereinafter "Subscription-based Revenue") amounted to ¥63.1 billion in total. The Subscription-based Revenue is recognized based on an internally developed large-scale Client Management (hereinafter, "CM") system, and accounts for 51% of the total operating revenue of the Group.</p> <p>A large amount of transaction data with customers is calculated automatically based on a program defined in advance using customer and product information registered on the CM system. These transaction data are interfaced to the accounting system, meaning that the CM system handles all of the data that is the basis for recording Subscription-based Revenue.</p> <p>The transactions rely heavily on the CM system, which limits the availability of supporting evidence. As a result, there is a risk that the reliability of revenue recognition may be impaired if access privileges, data corrections, program changes, and interface to the accounting system are not appropriately managed and controlled for the CM system.</p> <p>Given the quantitative significance of Subscription-based Revenue to the total consolidated operating revenue and the highly automated nature of the transactions, we determined that this matter was a key audit matter.</p> | <p>We performed the following analyses to investigate if there was any unusual fluctuation:</p> <ul style="list-style-type: none"> • Monthly trend analysis of subscriber count, amounts received from subscribers and Subscription-based Revenue and such. • Monthly trend analysis of the actual rate of losses from bad debts related to receivables from subscribers. <p>We performed a combination of the following procedures, including the test of IT systems, for a set of processes to recognize operating revenue.</p> <ul style="list-style-type: none"> • We tested the effectiveness of internal controls over provisioning, removing and periodic reviewing of access privileges. • We tested the effectiveness of internal controls over requests and approvals for data correction and program changes. • We tested the effectiveness of internal controls over monitoring database access and automatic detection of program changes. • We tested the effectiveness of internal controls over registration of IC card IDs and other information into the CM system, which is mandatory, such as checking for errors to prevent duplicate registration of IC card IDs and other information. • We tested the effectiveness of internal controls over addressing the accuracy and completeness of registration of product information into the product master file. • We tested the effectiveness of internal controls over the generation of invoice data for both subscribers and subcontracted broadcasters based on contract information registered into the CM system and the automatic calculation of Subscription-based Revenue based on the predefined program. • We tested the accuracy and completeness of the ledgers related to Subscription-based Revenue generated from the CM system. We also tested that Subscription-based Revenue on the ledgers matched the corresponding revenue recorded in the accounting system. • We inspected subscriber payment evidence obtained from credit card companies and payment agents. |

Independent Auditor's Report

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in Integrated Report 2025, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to SKY Perfect JSAT Holdings Inc. and its subsidiaries were ¥160 million and ¥62 million, respectively.

Independent Auditor's Report

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

October 28, 2025



SKY Perfect JSAT Holdings Inc.

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