January 15, 2021

SKY Perfect JSAT Holdings Inc.

Notice Concerning Inappropriate Receipt of Public Funds by Our Consolidated Subsidiary

SKY Perfect JSAT Holdings Inc. (Head Office: Minato-ku, Tokyo; Representative Director, President: Eiichi Yonekura; hereinafter, "**SKY Perfect JSAT**") announced that its consolidated subsidiary, Satellite Network, Inc. (Head Office: Minato-ku, Tokyo; President & Chief Executive Officer: Takayoshi Matsumoto; hereinafter, "**SNET**") has received disciplinary action today from the National Agriculture and Food Research Organization (hereinafter, "**NARO**") after it was discovered that SNET had inappropriately received a portion of the commissioned research fee for a research project commissioned by NARO Bio-oriented Technology Research Advancement Institution (hereinafter, the "**incident**"), in which SNET had participated as a member of a consortium. Content of SNET's notice regarding this incident is as per the attachment.

We sincerely regret and deeply apologize for any inconvenience this incident may have caused to all parties concerned. The SKY Perfect JSAT Group will continue to make group-wide efforts to prevent the recurrence of such incidents through the implementation of training for all executives and employees in Japan on the appropriate management of public funds, etc., as well as the hereinafter development and revision of related regulations at each Group company. The executives and employees who were involved in this incident have been punished strictly through proper procedures.

The impact of this incident on the consolidated business results for the current fiscal year is not material.

January15, 2021

Satellite Network, Inc.

Notice Concerning Inappropriate Receipt of Public Funds

Satellite Network, Inc. (Head Office: Minato-ku, Tokyo; hereinafter, the "**Company**") announced that the Company has received disciplinary action today from the National Agriculture and Food Research Organization (hereinafter, "**NARO**") after it was discovered that a portion of the commissioned research fee for a research project commissioned by NARO Bio-oriented Technology Research Advancement Institution (hereinafter, "**BRAIN**") was inappropriately received (hereinafter, the "**incident**"), in which the Company had participated as a member of a consortium.

We sincerely regret and deeply apologize for any inconvenience this incident may have caused to all parties concerned. We will continue our efforts to prevent recurrence.

1. Background

The Company's subsidiary Enroute Co., Ltd. was in the process of conducting an investigation into suspicions, etc. regarding the appropriateness of the receipt of commission fees for the development and urgent deployment of innovative technologies (of which, the leading project) and the testing and research related to the development and urgent deployment of innovative technologies (of which, the artificial intelligence future agriculture creation project) (two projects are collectively referred to as the "**project**") which were implemented by BRAIN and in which Enroute Co., Ltd. participated as a member of the consortium, it became clear that there were similar suspicions, etc. regarding the Company , which had also participated in this project as a member of the consortium. As a result, the Company established an external investigation committee to thoroughly clarify the project and investigate the cause of the incident. As a result, it was discovered that the Company had inappropriately received a portion of commissioned research fees for the project from FY2016 to FY2019.

2. Facts found

(1) Regarding the receipt of labor costs

・It was discovered that some of the information in the work diary had been prepared without relying on evidence, and that some of the labor costs related to the project had been recorded as expenses that differed from the actual working conditions of the employees.

・It was discovered that the procedures to be complied with when receiving payment for labor costs had been violated.

(2) Regarding the receipt of other costs, etc.

・It was discovered that a portion of travel expenses had been recorded as expenses in excess of the maximum amount specified in the Company's travel expense regulations.

It should be noted that no inappropriate use of expenses by officers and employees for private purposes was discovered.

3. Cause of the inappropriate receipts

We believe that this incident is a result of (1) insufficient establishment and maintenance of the implementation and operation system for research projects entrusted by public institutions when participating in this project, (2) lack of awareness among executives and employees regarding the appropriateness of the management of commissioned research fees, and (3) insufficient establishment and maintenance of the management and auditing system for this project and ineffective checking by management.

4. Disciplinary action by NARO

An overview of the disciplinary action by NARO is as announced by NARO today. The Company will return 2,896,533 yen to NARO and will also pay an additional fee. In addition, the Company has received measures to restrict its eligibility for participation in service contracts for three months from today. The Company will take such disciplinary action seriously and will take appropriate measures in response.

5. Recurrence prevention measures

In light of the above three causes, etc., and based on the strong recognition that reforms such as the development of regulations and the establishment of an operational system are necessary to

ensure appropriate responses to projects receiving public funds, the Company will promptly and steadily implement the following measures to prevent recurrence in order to strengthen governance and foster and spread awareness of compliance under the guidance of SKY Perfect JSAT Holdings Inc. (hereinafter, "**SKY Perfect JSAT**").

(1) Strengthening of governance and control procedures

As part of the reforms mentioned above, the Company revised the relevant regulations on January 1, 2021, and is working to strengthen the control function by launching project teams at the time of grant application, clarifying the project structure and roles, and clarifying the confirmation and approval process for expense recording rules. Furthermore, regular reports on the progress of the project and other matters are made to the Company's board meetings, and monitoring by non-standing directors is being strengthened.

In addition, the Company has made it mandatory for the Management Committee within SKY Perfect JSAT Corporation to deliberate on projects in which consolidated subsidiaries of SKY Perfect JSAT receive public funds, and the Company is also required to apply for deliberation by the Management Committee of SKY Perfect JSAT Corporation when applying for grants and reporting on the results of projects in which it receives public funds.

(2) Strengthening of compliance

Under the guidance of SKY Perfect JSAT, training for all executives and employees of the Company on the appropriate management of public fund receipts, etc. was conducted in April, May, and November 2020. In addition, the Company is planning to conduct a training program on appropriate management of public funds during the current fiscal year. We will continue to conduct compliance training, including compliance with laws and regulations related to the receipt of public funds such as subsidies and other business-related laws and regulations, to deepen the understanding of compliance and to spread awareness of the importance of internal and general-public procedures that must be followed.

(3) Disciplinary action against executives and employees

The executives and employees involved in this incident were subject to proper procedures and strict disciplinary action.

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