

[Translation]



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Notice of Measures to Prevent Recurrence and Disposition of Persons Concerned

As announced on June 19, 2019, in “Receipt of the Investigation Report of the Third-Party Committee and Policy for Future Course of Action,” we received an investigation report from the Third-Party Committee regarding the series of events in which our company did not include in the documents that our company filed with the Tokyo Stock Exchange, Inc. (the “TSE”) when our company applied for listing with the TSE, which took effect on December 12, 2018, and in the Securities Registration Statement dated November 13, 2018, certain conduct that our company and our subsidiary, TSUNAGU NETWORK COMMUNICATIONS INC. (“TNC”), may have engaged in (the “Conduct”) with competitors of TNC that may potentially have violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the “Antimonopoly Act”). Thereafter, we have developed measures to prevent any recurrence based on recommendations by the Third-Party Committee.

Our company resolved at the meeting of the Board of Directors held today to determine the measures to prevent any recurrence of this case and the disposition of the parties concerned regarding these events. We hereby notify you as follows.

We sincerely apologize for any grave inconvenience and concern that this may have caused to our stakeholders, and we will make every effort to rebuild our internal system and restore trust. We ask for your understanding and support.

Description

1. Details of measures to prevent any recurrence

Based on the Third-Party Committee's recommendations, we have formulated measures to prevent recurrence as follows. We will continue to monitor the implementation of the following preventive measures at the Compliance Control Office to be newly established.

(1) Improvement of the overall compliance system

In response to these events, we reaffirm the importance of establishing a system that secures the trust of shareholders and investors, including establishing and enhancing a compliance system as a prerequisite for the shareholders and investors to make mid-and long-term investments.

Therefore, in order to express our managements' emphasis on compliance our Representative Director, President and CEO conveyed the importance of compliance to all employees.

In addition, during the compliance training sessions stated in (2) below, the Representative Director, President and CEO, as well as an outside director, personally and directly conveyed the importance of compliance to all group employees. In the future, we will continue to hold compliance training sessions regularly with carefully-designed contents.

(2) Improving knowledge of and sensitivity to the Antimonopoly Act

The Third-Party Committee pointed out that we and TNC had insufficient knowledge or sensitivity regarding the violations of the Antimonopoly Act. With this in mind, the Representative Director, President and CEO delivered a message concerning compliance to the Antimonopoly Act to all group employees. In addition, we held a total of 13 lectures on points to remember about Antimonopoly Act compliance by external lawyers for all group employees. From now on, based on the attributes of our customers and business models, we will evaluate the risks of Antimonopoly Act violations even in business fields to which the Conduct does not pertain; thereafter, based on the results of these examinations, we will conduct effective compliance training regarding the Antimonopoly Act.

In addition, based on the results of the above-mentioned evaluations, in order to prevent the exchange of information on competition through competitors and industry associations, we will consider the introduction of contact management rules within the group, rigorous implementation of the application rule for entertainment and accepting entertainment, and introduction of a system, for example, with a rigorous approval process for the membership of associations and groups. We will also promote the creation of contact management systems with competitors and industry associations.

(3) Raising awareness of market accountability

The Third-Party Committee pointed out that from the perspective of accountability to the market, we should have carefully addressed the risk of violating laws and regulations, and that in the future, we must further strive to fulfill the trust of the market by possessing knowledge and awareness commensurate with those of listed companies.

Based on these comments, we intend to continuously convey messages from the Representative Director,

President and CEO to all group employees on the mindset, awareness, and readiness that they should possess based on the laws and regulations that must be observed by listed companies.

We also plan to hold employee training sessions for our officers and employees on compliance with the disclosure obligations under the Financial Instruments and Exchange Act and the disclosure rules of stock exchanges, with the purpose of reaffirming the importance of information disclosure to the market as a listed company. We will establish a training system for the regulations including the Financial Instruments and Exchange Act that must be complied with by listed companies, and conduct regular training.

(4) Improving communication within the company

The Third-Party Committee pointed out that it is necessary to set up an opportunity for free and open discussion on managerial issues, with specific themes, on a cross-divisional and cross-positional basis, and to consider actively conducting information gathering activities by the legal or compliance department from the sales and other management departments.

To date, we have conducted employee questionnaires on whether there have been Antimonopoly Act violations, and employee questionnaires on whether there have been legal violations other than the Antimonopoly Act. These questionnaires have been conducted by the Legal and Risk Management Department and external lawyers, respectively. We will continue to promote information gathering activities by the Legal and Risk Management Department.

In addition, we will continue to consider the establishment of a communications forum for employees, on a cross-divisional and cross-positional basis, as quickly as possible.

(5) Revision of the allocation of human and economic resources to the management sector

We are currently recruiting mid-career recruits in order to strengthen and expand our legal and compliance system, as pointed out by the Third-Party Committee that there was room to consider whether sufficient human and economic resources had been allocated commensurate to the compliance system of a listed company or a company preparing for listing.

In addition, the Compliance Committee, which currently consists of a small number of members, will be reorganized as an organization to foster and raise compliance awareness deeply rooted in the workplace. At the same time, the Compliance Control Office will be newly established as a specialized organization to build and regularly monitor the Group's compliance system.

(6) Thorough management of group business companies

The Third-Party Committee pointed out that we should take seriously the fact that the Conduct was across our company and our subsidiary, TNC, and should focus on establishing an organizational management system for the management of subsidiaries.

In response to this, we appointed a new Director, Managing Executive Officer and Administrative Manager of TNC who possesses abundant expertise in auditing duties, and have assigned our staff in the Legal and Risk Management Department to go to TNC on a daily basis to communicate closely with the TNC employees.

We will continue to expand our TNC administrative system and staff and monitor the implementation of various measures to strengthen compliance in close cooperation with us.

2. Dispositions of persons concerned and other related matters

As announced in “Notice of Changes of President and CEO” dated April 16 this year, the former Representative Director, President and CEO offered to resign when our company was considering disciplinary action for the purpose of clarifying our management responsibilities and renewing our management system, and our company accepted the resignation. He resigned as director on June 26 of this year.

In addition, in order to clarify the management responsibilities related to this case, we have decided to take the following actions regarding our full-time directors. The Representative Director, President and CEO, who was an outside director of the company at the time of the listing examination, offered to voluntarily return the remuneration as director.

(1) Disposition of Full-time Directors

Representative Director, Vice President and CCO	Reduction in executive compensation (20% of three-months remuneration) Demotion to Senior Managing Executive Officer (dated August 7, 2019)
Director, CFO and Managing Executive Officer	Reduction in executive compensation (15% of three-months remuneration)
Director, CMO and Managing Executive Officer	Reduction in executive compensation (10% of three-months remuneration)

(2) Voluntary Return of Director Remuneration

Representative Director, President and CEO	20% return of monthly salary (three months)
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Executive officers and employees of our company and TNC involved in this case will be strictly disciplined in accordance with company regulations of our company and TNC, including work regulations.