

[Translation]



March 31, 2021

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President & CEO  
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**Notice of Business Alliance in the Data Center Business, Associated Partial Transfer of Data  
Center Business, and Transfer and Lease of Fixed Assets**

ARTERIA Networks Corporation (the “Company”) announced today that it resolved to conclude a business alliance with Digital Edge (Japan) G.K., to transfer part of the data center business in conjunction with this business alliance, and to transfer and lease fixed assets (sale and leaseback). These actions are to be taken as part of a structural reform of the Company’s data center business. The Company will allocate the proceeds from the transaction as well as capital investment funds previously intended for data center maintenance and upgrades to areas that will contribute to growth, thereby promoting selection and concentration of management resources and accelerating business expansion.

1. Details of the business alliance and reason for the business transfer and transfer and lease of fixed assets

The Company has an optical fiber network that covers all of Japan and it provides various telecommunication services through this network. These services include data center-related services such as leased circuits for data center operators and housing and collocation services <sup>(\*)1</sup> in the Company’s own data centers.

Over the past few years, data center operators throughout Japan have been constructing or planning new large-scale data centers, mainly for OTT<sup>(\*)2</sup> companies. The Company has coordinated with these data center operators to install its own networks, thereby expanding its telecommunication services.

Meanwhile, in its data center services the Company has deployed data centers in six locations throughout Japan under the ComSpace brand, through which it provides housing and collocation services, and so forth, for corporations. Among these, the Company’s own data centers are of a comparatively small scale, and the Company considered that in order to expand the data center business going forward, it would be necessary to develop together with large-scale data centers, which are experiencing strong demand from cloud service providers.

In this situation, the Company received a request regarding its data centers for a transfer of business from Digital Edge (Japan) G.K. (“Digital Edge Japan”), which is promoting the development of large-scale data center platforms throughout Asia, including Japan. The Company judged that there would be significant benefits to the Company if it were to allocate its management resources to investment in areas that contribute to growth, such as allocating capital

investment funds related to maintaining and upgrading data centers to its competitive telecommunications network. It also judged that data center customers would benefit from the transfer of its data center to Digital Edge Japan. It therefore decided to enter a business alliance with Digital Edge Japan and transfer to it the business related to operation of its data center, ComSpace II.

Through this business alliance, the Company will provide telecommunication services to Digital Edge Japan and its customers as a leading partner of Digital Edge Japan. Moreover, customers using ComSpace II are to be transferred in stages going forward, having obtained their consent.

Furthermore, in conjunction with this, the Company resolved to transfer the assets (land, buildings, and equipment) pertaining to its data center ComSpace I to Digital Edge Japan. However, since ComSpace I is also used as the Company's backbone network infrastructure, in transferring these assets the Company will also enter an agreement with Digital Edge Japan to lease back the relevant assets (sale and leaseback). By entrusting the renewal of equipment and operation to Digital Edge Japan, which specializes in the data center business, the Company will achieve efficiency gains while continuing to provide data center services.

Notes:

1. A service that provides space in a data center for customers to install their services and network equipment
2. A service provider who provides content such as video and various applications over the top of an internet connection service provided by an ISP.

2. Business alliance

(1) Summary of the business alliance partner

(1) Name	Digital Edge (Japan) G.K.	
(2) Location	1-1-2 Yuraku-cho, Chiyoda-ku, Tokyo	
(3) Representative position and name	President: Kei Furuta	
(4) Business operations	Data center operation business, telecommunication business, etc.	
(5) Capital	¥100 million	
(6) Establishment date	May 15, 2020	
(7) Relationships to the Company	Capital relationships	None
	Personal relationships	None
	Trading relationships	None
	Situations applicable to related parties	None

- (2) Schedule of the alliance
- |                                       |                |
|---------------------------------------|----------------|
| Date of Board of Directors resolution | March 31, 2021 |
| Agreement conclusion date             | March 31, 2021 |
3. Business transfer
- (1) Details of the business transfer
- I. Details of division to be transferred
- Data center business pertaining to the Company’s data center, “ComSpace II” (Location: Shinjuku-ku, Tokyo; Floor area: 9,336 m<sup>2</sup>)
- II. Operating results of the division to be transferred for the fiscal year ended March 31, 2020
- The operating results of the division to be transferred were less than 10% of consolidated net sales and less than 30% of consolidated operating profit for the previous fiscal year (the fiscal year ended March 31, 2020). Specific amounts may not be disclosed due to a confidentiality agreement with the transferee; however, the transfer will be conducted at an appropriate price.
- III. Assets and liabilities of the division to be transferred and their amounts
- Assets: The contracts with customers and equipment pertaining to ComSpace II  
The carrying amount of the assets is less than 30% of the amount of consolidated net assets in the previous fiscal year (the fiscal year ended March 31, 2020); however, it may not be disclosed due to a confidentiality agreement with the transferee.
- Liabilities: No liabilities are to be transferred.
- IV. Transfer price and settlement method
- Transfer price: The transfer price may not be disclosed due to a confidentiality agreement with the transferee.
- Settlement method: Bank transfer (planned)
- V. Transfer procedure
- The business transfer does not correspond to an assignment of significant part of the business under Article 467 paragraph 1-2 of the Companies Act and is therefore conducted without a resolution of the General Meeting of Shareholders.
- (2) Overview of the transferee
- Same as the business alliance partner described above
- (3) Schedule of the transfer
- |                                       |  |
|---------------------------------------|--|
| Date of Board of Directors resolution | March 31, 2021   |
| Agreement conclusion date             | March 31, 2021   |
| Transfer date                         | The transfer of equipment to be conducted on March 31, 2021.<br>Contracts with customers to be transferred in stages starting on March 31, 2021. |

4. Transfer and lease of fixed assets

(1) Overview of the assets to be transferred

The land, buildings, and equipment pertaining to the Company's data center "ComSpace I" (Location: Chuo-ku, Tokyo, Floor area: 3,641 m<sup>2</sup>)

(2) Carrying value, transfer value, and total amount of lease fees

The carrying value of the assets is less than 30% of the amount of consolidated net assets in the previous fiscal year (the fiscal year ended March 31, 2020). The specific amounts of the carrying value, the transfer value, and the total amount of lease fees may not be disclosed due to a confidentiality agreement with the counterparty; however, the transfer and lease will be conducted at an appropriate price.

(3) Overview of counterparty

Same as the business alliance partner described above

(4) Schedule of the transfer and lease

Date of Board of Directors resolution	March 31, 2021
Agreement conclusion date	March 31, 2021
Start date of transfer and lease	June 30, 2021 (planned)

5. Future plan

The impact of this deal on the Company's business results forecast for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021) is expected to be immaterial. The Company will give prompt notification of the occurrence of any events that should be disclosed.