

[Translation]



April 16, 2019

Company Name: ARTERIA Networks Corporation
Representative: Koji Kabumoto, President & CEO
(Code No: 4423 TSE 1st section)
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Managing Executive Officer
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Potential Violation of the Antimonopoly Act

We hereby announce that we have identified that our company and our subsidiary may have engaged in certain exchanges of information or other conduct with competitors that may potentially have been in violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the “**Antimonopoly Act**”).

We apologize for any concern or inconvenience this incident may cause to our shareholders and the stakeholders.

1. Summary of Conduct

Our company and TSUNAGU NETWORK COMMUNICATIONS INC. (“**TNC**”) arranged or may have arranged with competitors of TNC that (i) each party would not engage in proactive efforts to convince the other party’s customers to switch to its service, and (ii) our company and TNC would in certain areas refrain from competing with certain competitors of TNC, who have a business relationship with our company (i) or (ii) hereinafter referred to as the “**Conduct**”).

2. Background

Upon receiving an internal report that our subsidiary TNC had exchanged information or engaged in other conduct with competitors, we initiated an investigation by engaging outside counsel regarding the existence of violations of the Antimonopoly Act. As a result, we received a report from such outside counsel determining that our company and TNC engaged or may have engaged in the Conduct.

We were approved for the initial listing of our shares on November 13, 2018 by the Tokyo Stock Exchange, Inc. (“**TSE**”), and were listed on the first section of TSE on December 12, 2018 (the “**Listing**”). In the Securities Registration Statement dated November 13, 2018, (the “**Registration Statement**”), we provided a general risk statement that, if we were unable to comply with the Antimonopoly Act and other regulations, our group's activities may be restricted and we may incur increased costs. However, the Conduct was not included in the Registration Statement. This was due to the fact that, until the Listing the facts relating to the Conduct were shared with only a select number of directors and officers of ARTERIA, and such directors and officers did not identify any objective evidence proving the existence of the Conduct.

At or during the time of the application for the Listing, the examination period of the Listing, the approval of the Listing, and each subsequent stage, we received reasonable and appropriate questions about the status of compliance with laws and regulations, investigations by regulatory authorities, and the possibility of such matters occurring from Japan Exchange Regulation (“**JPX-R**”), which was entrusted by TSE with the listing examination. In addition, we have disclosed minutes of the meetings of the board of directors and other important internal materials in connection with such legal and regulatory compliance to JPX-R. However, we did not notify JPX-R, any officers and employees of JPX-R, regarding any of the facts or potential concerns regarding about the Conduct,

and that there was no description about the facts or potential concerns regarding the Conduct in any documents that we disclosed to such parties. In addition, in the process of the Listing, we received reasonable and appropriate questions about the status of compliance with laws and regulations, investigations by regulatory authorities, and the possibility of such matters occurring from the underwriters, and we disclosed minutes of the meetings of the board of directors and other important internal materials in connection with such legal and regulatory compliance. We also did not notify the underwriters, the selling shareholder, their respective related parties, any of the legal advisors or other advisors involved in the Listing, or any officers or employees of such parties, regarding any of the facts or potential concerns regarding the Conduct. Furthermore, there was no description about the facts or potential concerns regarding the Conduct in any documents that we disclosed to such parties.

3. Future Course of Action

We are acutely aware that the response to this matter was inadequate, and we will take measures to prevent similar occurrences in the future, such as ensuring sufficient information and communication between departments, enhanced awareness of compliance through education for officers and employees on the Financial Instruments and Exchange Law and other laws and regulations, and the expansion of the human resources and the organizational structure of our administrative departments, including the acceptance of temporary transferees from our parent company.

While we were considering the treatment of the parties involved in order to clarify our management responsibilities and reorganize our management structure, we received today a tender for resignation from our President and CEO. In addition, based on the results of future investigations, we plan to take strict disciplinary action against those directors and employees who are determined to have been involved in this incident based on our internal regulations.

We take this matter very seriously. Accordingly, both our legal counsel and outside counsel who does not have an advisory relationship with our company have conducted investigations to clarify this matter. However, in order to conduct more objective investigations, we intend to establish a third-party committee comprising outside counsel who are not interested parties in our company. We will announce more information about this as soon as we have made a decision.