

[Translation]



May 14, 2019

Company Name: ARTERIA Networks Corporation
Representative: Koji Kabumoto, President & CEO
(Code No: 4423 TSE 1st section)
Inquiries: Seiichi Tateishi, Director, CFO, and
Managing Executive Officer
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Notice Regarding a Decrease in the Amount of Capital Reserve

We hereby announce that at the meeting of the Board of Directors held on May 14, 2019, we decided to table a proposal to decrease the amount of our company's capital reserve at the fourth Annual General Meeting of Shareholders (the "AGM") to be held on June 27, 2019, as follows.

1. Purpose for decreasing our company's capital reserve

Even in the case where we can not receive an accounting audit report including an unqualified opinion from Ernst & Young ShinNihon LLC ("EY") prior to the commencement of the AGM in order to create the distributable amount and enable us to distribute dividends to our shareholders as of the end of March 31, 2019, we plan to decrease the amount of our company's capital reserve, and transfer that amount to our company's other capital surplus in accordance with article 448, paragraph 1 of the Companies Act of Japan (the "**Decreasing of the Capital Reserve**").

As announced by our company in its press release dated April 16, 2019 titled "Potential Violation of the Antimonopoly Act," we have identified that our company and our subsidiary, TSUNAGU NETWORK COMMUNICATIONS INC. ("TNC"), may have engaged in certain conduct (the "**Conduct**") with competitors of TNC that may potentially have been in violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the "**Antimonopoly Act**"). We were listed on the first section of the Tokyo Stock Exchange, Inc. (the "**TSE**"), on December 12, 2018 (the "**Listing**"). While in the documents that our company filed with the TSE at the time of the application for the Listing (the "**Application Documents**"), and in the Securities Registration Statement dated November 13, 2018, we provided a general risk statement indicating 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, the details of the Conduct were not included in those documents.

We take very seriously a series of incidents which form the reasons why the Conduct was not included in the Application Documents and the Securities Registration Statement. To clarify this matter, investigations were conducted by both our legal counsel, and outside counsel who do not have an advisory relationship with our company. However, in order to conduct more objective investigations, as announced by our company in its press release dated April 22, 2019 titled "Notice Regarding Establishment of Third-Party Committee", we established a Third Party Committee, comprised solely of fair and impartial outside counsel who do not have any interests in our company, and we have changed the framework of the investigation to one conducted by that Third-Party Committee. The fact-finding investigation by the Third-Party Committee concerning the circumstances of the Conduct is a prerequisite for the accounting audit of financial statements, etc. for the term ended March 31, 2019 by EY, our company's accounting auditor.

If we receive an accounting audit report including an unqualified opinion from EY prior to the commencement of the AGM, and there is no opinion that the method or results of auditing by the accounting auditor are inappropriate as the contents of the audit report of our company's Board of Auditors concerning the said accounting audit report, we will cancel the Decreasing of the Capital Reserve, and withdraw the proposal for the Decreasing of the Capital Reserve to be proposed in the AGM, because we will be able to create the necessary distributable amount by

approving the financial statements, etc. for the term ended March 31, 2019 at our company's Board of Directors.

On the other hand, if we are unable to receive an accounting audit report including an unqualified opinion from EY prior to the commencement of the AGM, we will pay dividends from capital surplus to our shareholders as of the end of March 31, 2019, provided that the proposal for the Decreasing of the Capital Reserve is approved at the AGM.

2. Details of the decrease in our company's capital reserve

(1) Amount of decrease in our company's capital reserve

We plan to decrease the amount of our company's capital reserve by 4,849,990,000 yen from 4,849,990,000 yen to 0 yen.

(2) Method of decreasing the amount of capital reserve

We plan to decrease the amount of our company's capital reserve, and transfer that amount to our company's other capital surplus.

3. Schedule for decreasing the amount of our company's capital reserve

(1) Date of resolution by the board of Directors	May 14, 2019
(2) Scheduled date of public notice on creditors' statements of objections	May 27, 2019
(3) Scheduled deadline for creditors' statements of objections	June 27, 2019
(4) Scheduled date of the AGM	June 27, 2019
(5) Scheduled effective date	June 28, 2019

4. Outlook

This matter is a transfer of an amount between accounting line items in the net assets section of our balance sheet. There is no change in the amount of net assets or impact on our performance as a result of this transfer.