

TRANSLATION FOR REFERENCE ONLY

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For Immediate Release

Aplix IP Holdings Corporation

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## **Aplix IP Holdings Announces FY2014 Consolidated Results and a Medium-Term Management Plan: A New Business Model for the IoT Age to Boost Sales and Improve Earnings**

Aplix IP Holdings Corporation (headquartered in Shinjuku-ku, Tokyo; Ryu Koriyama, CEO & Representative Director; hereinafter “Aplix”) announced its consolidated results for the fiscal year ended December 31, 2014 (FY2014) today. Aplix posted an additional software depreciation cost etc. of 680 million yen in association with a change in its business model, which will focus on the software base technology business, and an extraordinary loss of 750 million yen associated with the relocation of the head office to significantly reduce fixed costs (including rent), including an impairment loss for equipment at the head office and a penalty. Aplix also announced a medium-term management plan for the three years from the fiscal year ending December 31, 2015 to the fiscal year ending December 31, 2017.

According to the plan, Aplix will likely reduce its fixed costs by 1.7 billion yen in FY2015 from FY2014 due to a reduction in personnel expenses and rent. The Company will change its business structure, shifting its focus from the comprehensive entertainment business to the technology business and will build a new business model – making a profit from services that start with Beacon from equipment and provides information that will enrich people’s lives – in the IoT business, a future growth driver. Aplix will boost sales significantly and improve earnings by changing to a business structure that will enable steady growth in earnings, aiming to move into the black in FY2016.

Given the maturity and diffusion of technology production, high-quality products can now be produced in large quantities by anyone. Meanwhile, with the widespread use of the Internet, markets have been globalized, and competition has intensified. Consequently, software is now offered for free, and profits from hardware have approached zero. The business model of making a profit by selling goods, which has existed since the Industrial Revolution, is collapsing.

Meanwhile, Aplix is generating a variety of solutions at a fast pace, using a low-priced Bluetooth® Low Energy (BLE) module. Aplix is seeking to establish a new business model for the IoT age with technology for the development of the IoT, a combination of the machine-to-machine software technology that Aplix has been developing since 2007 and the machine-to-machine hardware technology that Zeemote of the United States, which was established by a graduate of MIT and acquired by Aplix in 2009, has been developing since 2005, as a source of competitiveness.

The machine-to-machine technology has been used for machine manipulation from the outside and the retrieval of information from machinery and its accumulation in cloud computing systems. However, Beacon, an IoT technology from Aplix, uses communication hardware that Aplix has developed using BLE technology and enables machines to independently detect situational information. Based on information from machines, the cloud service that Aplix has developed independently provides information that will enrich people’s lives.

Aplix's Beacon sensor detects changes in situations and equipment conditions, which is communicated with additional information to smartphones in a timely manner. Moreover, Beacon finds related information over the Internet and communicates information useful for day-to-day life to users, including forecasts and situational conditions.

Aplix has been developing a variety of products with a number of manufacturers in Japan and overseas based on its new business model and has displayed products at previews events held by manufacturers. Aplix's mission is to combine its cutting-edge technology with a range of products by manufacturers to enrich and make more convenient the lives of even more people. Aplix will seek to enhance its enterprise value and expand earnings by developing its new business model for the IoT age.

In addition to this announcement, Aplix in the Future, which describes a new business model for the IoT age, Aplix's History, which describes the Company's history since its establishment in 1986, and Data on Aplix have been posted on the Company's website.

Please refer to the Consolidated Financial Results for FY2014, which was announced today.

Please refer to Notice on the Formulation of a Medium-Term Management Plan, which was announced today.

Please refer to Notice on Year-on-Year Changes in Consolidated and Non-Consolidated Results, Non-Operating Income, and Extraordinary Losses, which was announced today.

## ■ About the Aplix IP Holdings Group

The Aplix IP Holdings Group operates its business in pursuit of its mission to enable people all over the world to enjoy more fulfilling lives through software technologies. Its technology business offers two different kinds of beacons developed by Aplix – location beacons and notification beacons. Provided as a location beacon, the MyBeacon® Series constantly transmits radio signals and is increasingly used in many different business sectors, including food and drink services, apparel and fashion, distribution, real estate, leisure and entertainment, logistics and transport and tourism, as well as in public works and by local governments as a positional information solution. As a notification beacon, the *Oshirase Beacon*, which is embedded in equipment, sends out radio signals only when it detects a predetermined status. It can be combined with all kinds of appliances, especially light electrical products, such as water purifiers, humidifiers, electric fans and coffeemakers. In the publishing and video business, the Group has created numerous well-received titles. One example is the *Broken Blade* series, which has sold a cumulative total of more than 3 million copies in book form. Offering books and picture books for children in this business segment, HOLP SHUPPAN Publishing has released popular books including *Don't Spill the Milk!*

Aplix IP Holdings website (Investor Relations): <http://www.aplix-ip.com/>

Aplix website (Technology Business): <http://www.aplix.co.jp/>

Aplix Group website (Publishing): <http://www.aplix-group.com/>

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