

TRANSLATION FOR REFERENCE ONLY

FY2017Q1 Consolidated Financial Results

Aplix Corporation
11th May 2017

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Change of Management and Corporate Name



On decision of 32nd Annual Shareholders Meeting held on 28th Mar. 2017, new management has been approved.

In addition, Corporate Name has been changed from Aplix IP Holdings Corporation to Aplix Corporation effective from 1st April 2017.

Board Member

Representative Director	Kengo Nagahashi
Director of the Board	Kunihiro Ishiguro
Outside Director of the Board	Kozo Hiramatsu
Audit & Supervisory Board Member	Shinobu Nemoto
Outside Audit & Supervisory Board Member	Yoshio Nitta
Outside Audit & Supervisory Board Member	Masato Yamada

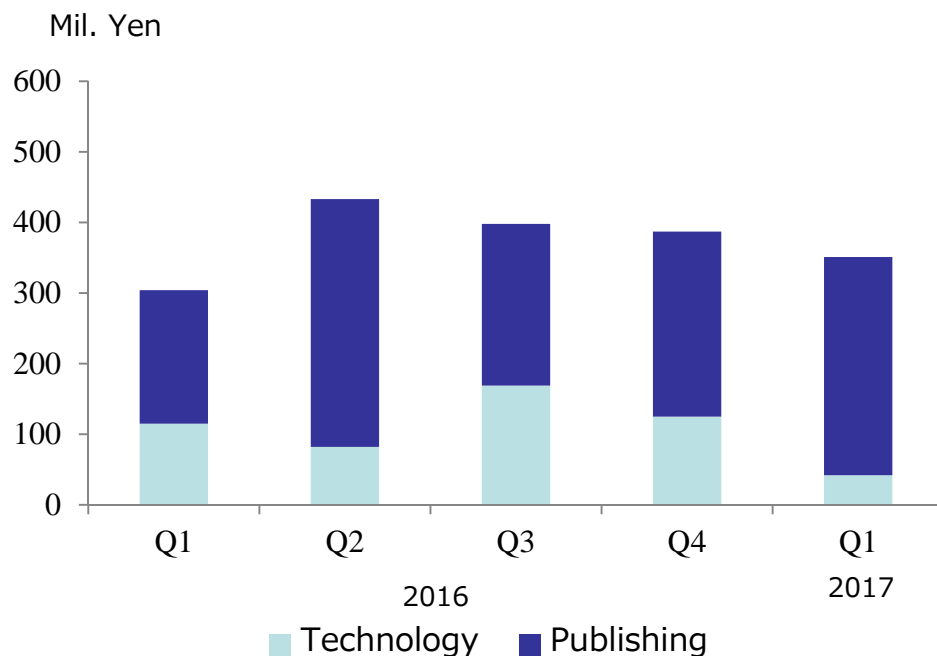
FY2017Q1 P/L Statement (Consolidated)



(Million Yen)	Revenues	Operating Profit	Recurring Profit	Net income attributable to parent company shareholders
FY16Q1 Actual (A)	305	-369	-375	-375
FY17Q1 Actual (B)	351	-123	-134	-621
Change (B – A)	+46	+246	+241	-246
Change (%)	15.1%	–	–	–

- Operating Loss improved +246mil. Yen by continuous cost reduction
- Net loss decreased by -246mil. Yen due to extra loss of 463mil. Yen of stock transfer loss of 3 publishing companies

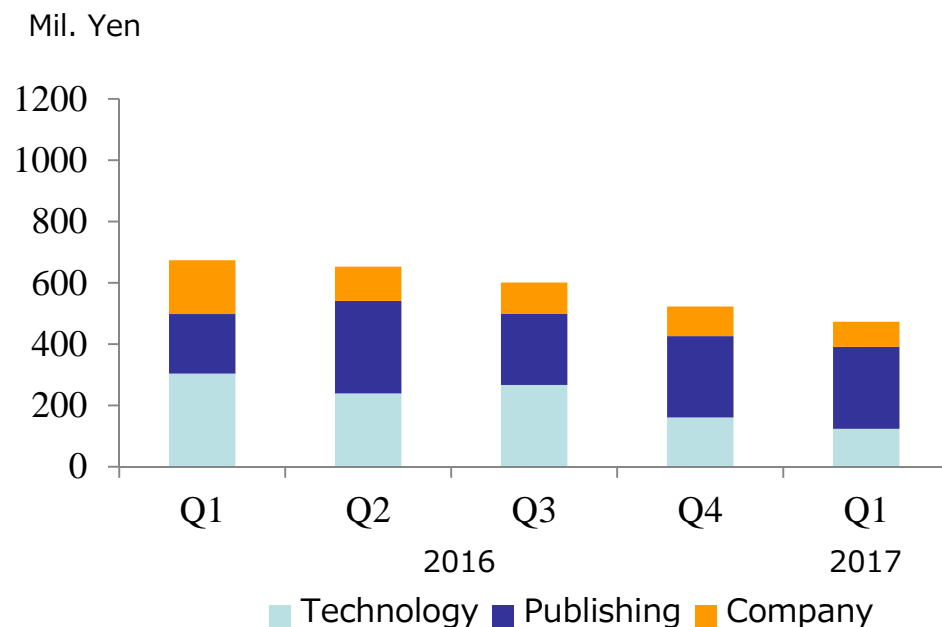
FY2017Q1 Revenues by Segment



(Million Yen)	FY16	FY17	Change
	Q1	Q1	
Technology	115	42	-63.5%
Publishing	189	309	63.5%
(Total Revenues)	304	351	-15.5%

- Royalty income related previous software business has been terminated. Several projects related IoT solution did not meet with our order and revenue recognition criteria in Q1 and will be recognized after Q2
- Publishing business related Stock of Aplix IP Publishing, Flex Comix and HOLP SHUPPAN, Publishing has been all transferred on 31st Mar 2017

FY2017Q1 Operating Cost by Segment



(Million Yen)	FY16 Q1	FY17 Q1	Change
Technology	304	124	-59.2%
Publishing	194	267	37.6%
Company	176	82	-53.4%
(Total Cost)	675	475	-29.6%

By reducing fixed cost such as cancel a part of office rent, operating cost decreased yoy -29.6%

FY17Q1 Received Orders and Orders Backlog



(Million Yen)	FY16 1Q	FY17 1Q	Change
Received Orders	113	8	-92.9%
Orders Backlog	82	2	-97.6%

Main reason to decrease Received orders and orders backlog is some projects about IoT solution do not to recognize our received order standard. Those projects will be turned to received orders after Q1

FY2017 Forecast (Consolidated)



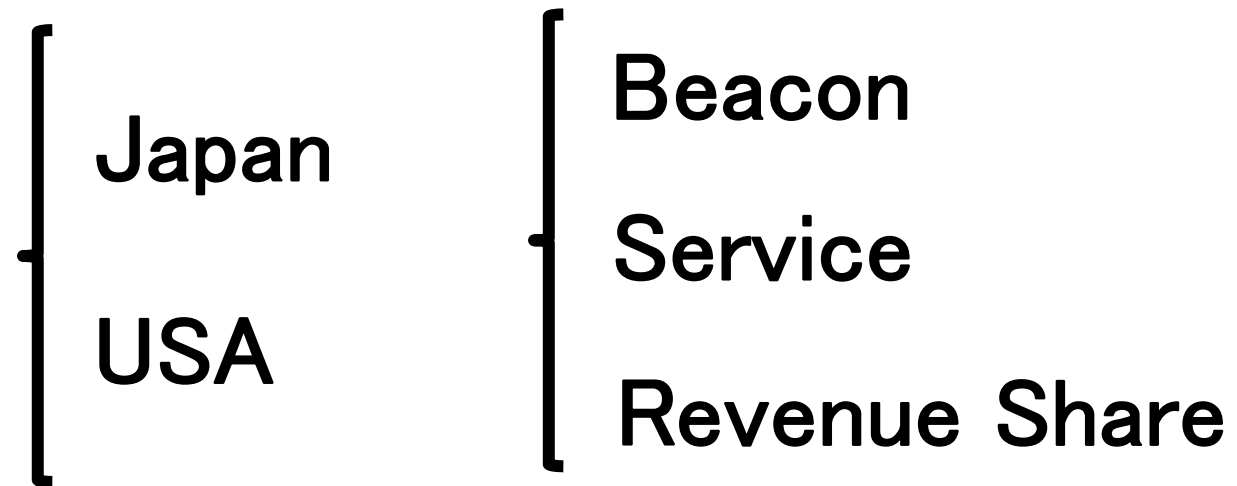
(Million Yen)	Revenues	Operating Profit
FY2016 (A)	1,526	-929
FY2017 Forecast (B)	1,054	12
Change (B – A)	-472	+941
Change (%)	-30.9%	–

Total revenues will decrease by transferring all stocks of 3 publishing business companies.

IoT solutions will increase yoy +60% due to expansions of our IoT solutions such as water purifier, air purifier and app/cloud solution.

IoT Solution Business

Revenues = **Region** × **Category**





Beacon

Providing Location Beacon as MyBeacon®
Increase Price in Dec. 2016 (1,200Yen → 2,500Yen)
Notification beacon is for Consumer Electronics

Service

Providing App & Cloud solution

Retails: To meet demands by understanding customer behavior using IoT Solution

Telematics: Tie up with Car Insurance company to track driver's situation

Aplix Corporation of America (California USA) providing IoT solutions mainly for USA and EU region

Beacon

Expanding existing customer and new customer mainly water purifier , air purifier and consumer electronics



Service

Water Purifier : Already shipment e.g. Aquasana and expanding solutions to new customers

Pet and Air Purifier : Continues business from existing customers e.g. OurPet's, Guardian Technologies and expanding customers to adapt new technologies e.g. Alexa Skill on Amazon.com

Focus on IoT Solution Business

- Focusing on IoT solution business and transferring 3 publishing companies stock (Aplix IP Publishing, Flex Comix and HOLP SHUPPAN, Publishing) on 31st Mar 2017 and closed oversea department excluding USA and also closed Intellectual Property division and Semiconductor division

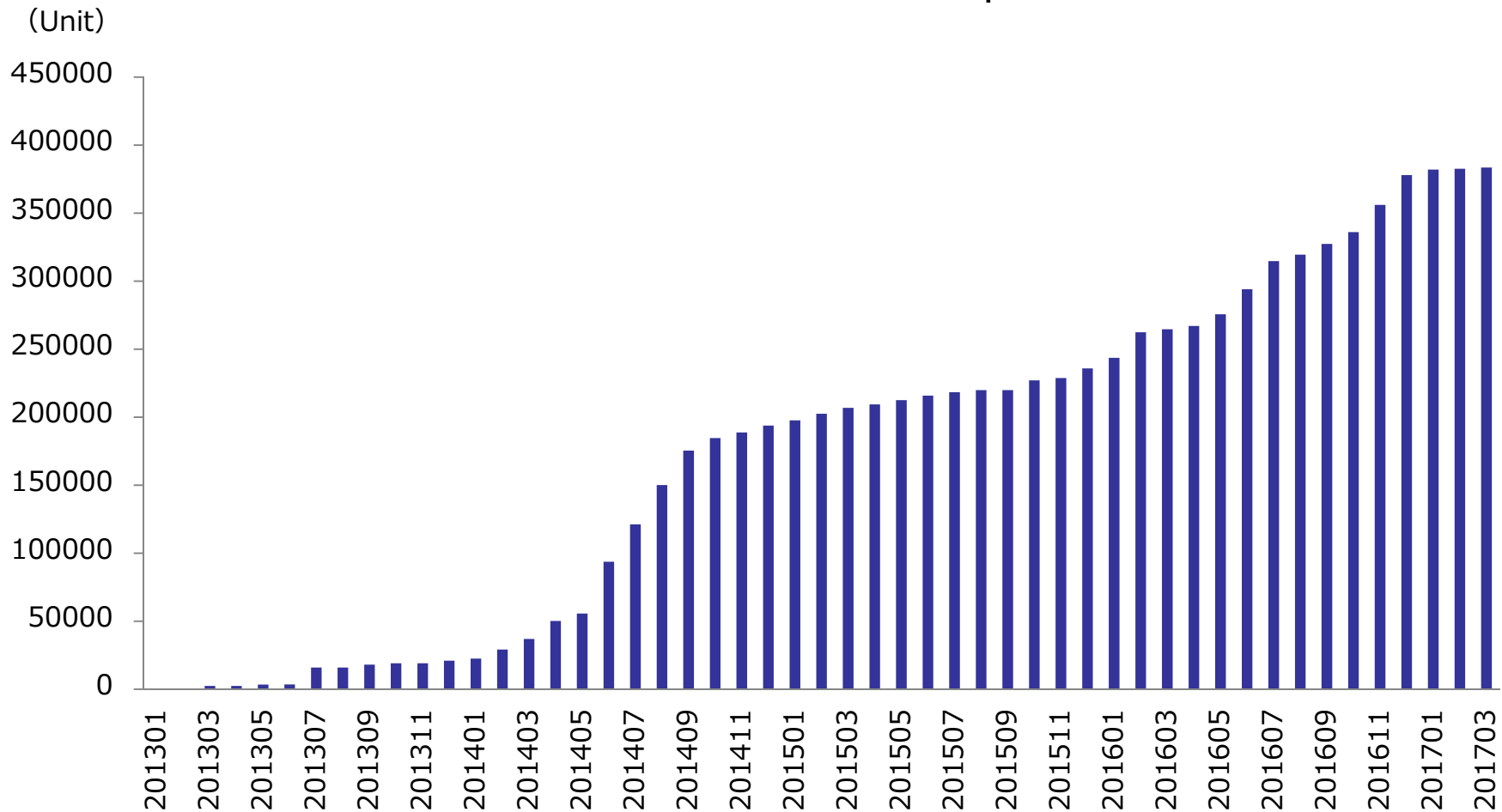
Cost Reduction

- Drastic cost reduction for all fixed cost e.g. office rent and subcontracted fees

BLE module shipment



Accumulated 380 thousands BLE modules shipment in Jan. 2017



Source: Company Data

BLE modules include JM Series MyBeacon Series and Others.

Appendix

Corporate Overview



Company Name

Aplix Corporation

Headquarter Address

2-20-9, Nishi-waseda, Shinjuku-ku, Tokyo
169-0051, Japan

Founded

February 22, 1986

Capital

1,861 million yen (as of March 31, 2017)

Revenue

1,526 million yen (Consolidated, As of Dec.
31, 2016)

Number of Employees

72 (Consolidated, as of March 31, 2017)

Market

Tokyo Stock Exchange Mothers

Code

JP:3727

Board member

- Representative Director
Kengo Nagahashi
- Director of the Board
Kunihiro Ishiguro
- Outside Director of the Board
Kozo Hiramatsu
- Audit & Supervisory Board Member
Shinobu Nemoto
- Outside Audit & Supervisory Board Member
Yoshio Nitta
- Outside Audit & Supervisory Board Member
Masato Yamada

Business Services

IoT Solution
(Security, Hardware, Software, Cloud)

Group Company

Aplix Corporation of America

Kengo Nagahashi (Representative Director)

Received BA and MS from Keio University and Ph.D in Computer Science from the University of Tokyo. He experienced Visiting Researcher at Computer Laboratory in University of Cambridge UK and joined Nikko Citigroup as a sell side analyst covering IT service software in 2006. After leaving Citigroup, he launched Future Bridge Partners Corporation and became Director CFO of Aplix from Mar. 2015 and Representative Director from Feb. 2017 of Aplix.

Kunihiro Ishiguro (Director, CTO)

After graduating from Hokkaido University's Faculty of Agriculture, after going through SRA Corporation by development of UNIX software, operation of Internet routing control, realizing route control by open source ware GNU Developed "Zebra". In October 1999, he founded IP Infusion in the US in order to develop and sell "ZebOS" which is commercial software based on "Zebra". "ZebOS" is adopted by routers and switch makers all over the world. After working as CTO Director of ACCESS Co., Ltd., he became CTO of Aplix from Apr. 2015 and Director from Mar. 2016.



Aplix Corporation
<http://www.aplix.co.jp/>

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