

TRANSLATION FOR REFERENCE ONLY

FY2017Q3 Consolidated Financial Results

Aplix Corporation
10th November 2017

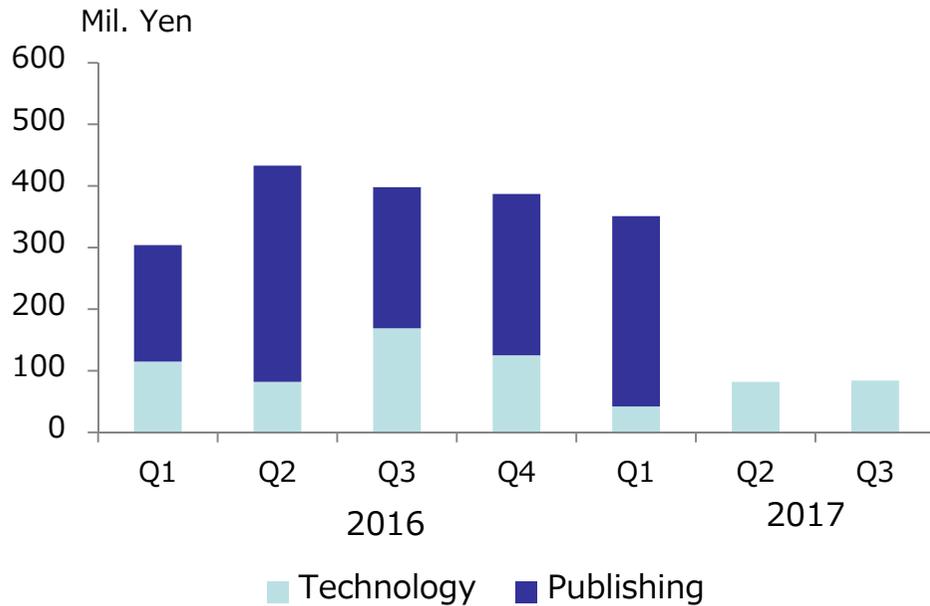
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FY2017Q3 P/L Statement (Consolidated)



(Million Yen)	Revenues	Operating Profit	Recurring Profit	Net income attributable to parent company shareholders
FY16Q3 Actual (A)	1,138	-793	-809	-843
FY17Q3 Actual (B)	518	-278	-292	-804
Change (B – A)	-620	+515	+517	+39
Change (%)	-54.5	–	–	–

FY2017Q3 Revenues by Segment



(Million Yen)	FY16 Q3	FY17 Q3	Change
Technology	169	84	-50.3%
Publishing	229	0	—
(Total Revenues)	398	84	-78.9%

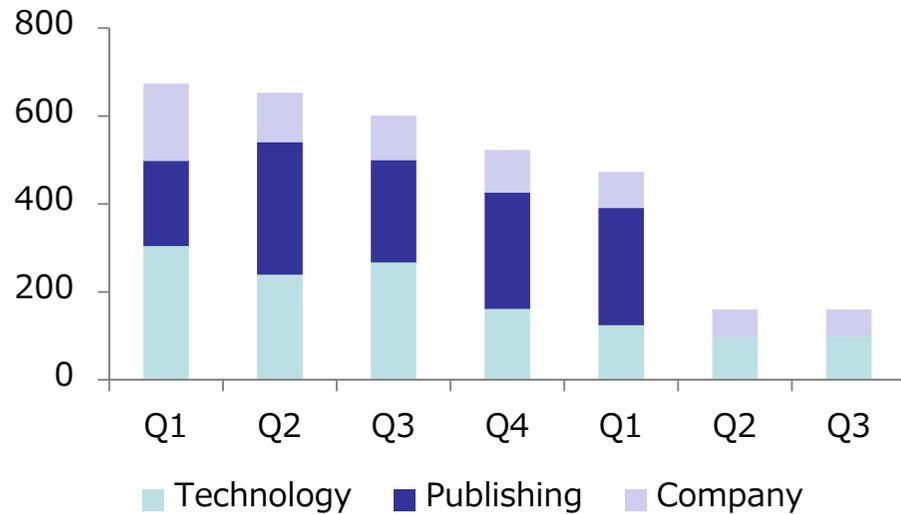
- Technology Division sales was broadly flat (vs. Q2FY17)
Radical sales improvement measure lead by new management resulted in major increase in revenue vs. Q1FY17.

* Publishing business related Stock of Aplix IP Publishing, Flex Comix and HOLP SHUPPAN, Publishing has been all transferred on 31st Mar 2017.

FY2017Q3 Operating Cost by Segment



Mil. Yen



(Million Yen)	FY16 Q3	FY17 Q3	Change
Technology	267	98	-63.3%
Publishing	233	0	—
Company	101	62	-38.6%
(Total Cost)	601	161	-73.2%

- Drastic operation cost reduction due to stock transfer of 3 publishing companies in Q2FY17.
- Further cost reduction such as office rent space reduction and fixed cost reduction has also executed.

Result: Operating Cost result YoY -73.2%.

FY17Q3 Received Orders and Orders Backlog



(Million Yen)	FY16 Q3	FY17 Q3	Change
Received Orders	211	258	22.3%
Orders Backlog	22	73	231.8%

- Increase in sales and backlog reflects successful closing of major software development projects with corporates and SME's.

FY2017 Revised Down Part1

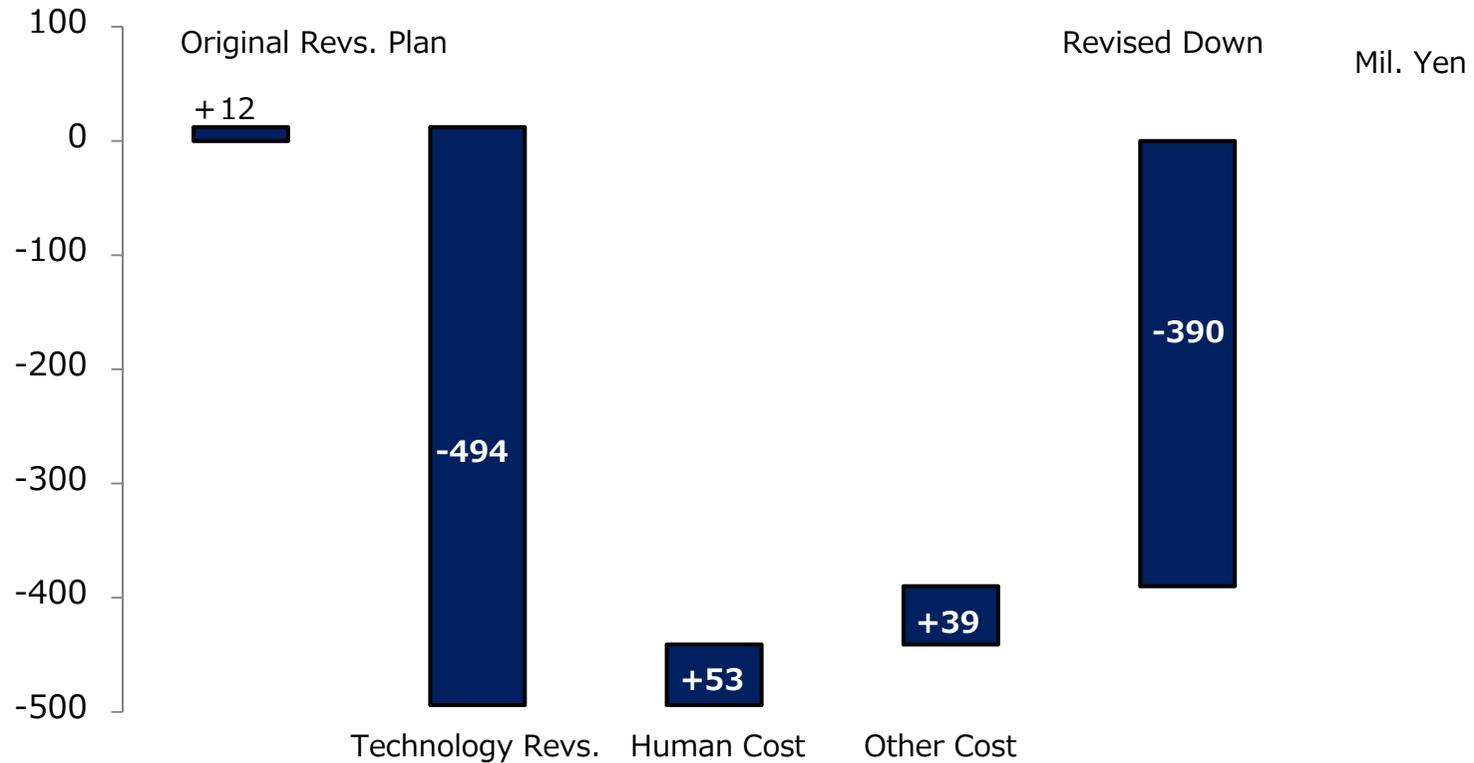


(Million Yen)	Revenues	Operating Profit
FY2017 Before Revised(A)	1,054	12
FY2017 After Revised(B)	602	-390
Change (B – A)	-452	-402
Change (%)	-42.9%	–

<Revised Down>

- Delay in establishing new product development process.
- Delay in launching period of new products due to change and performance upgrade requests from customers.
- Delay in disposing of underperforming businesses lead to delay in recreating effective organization and processes.

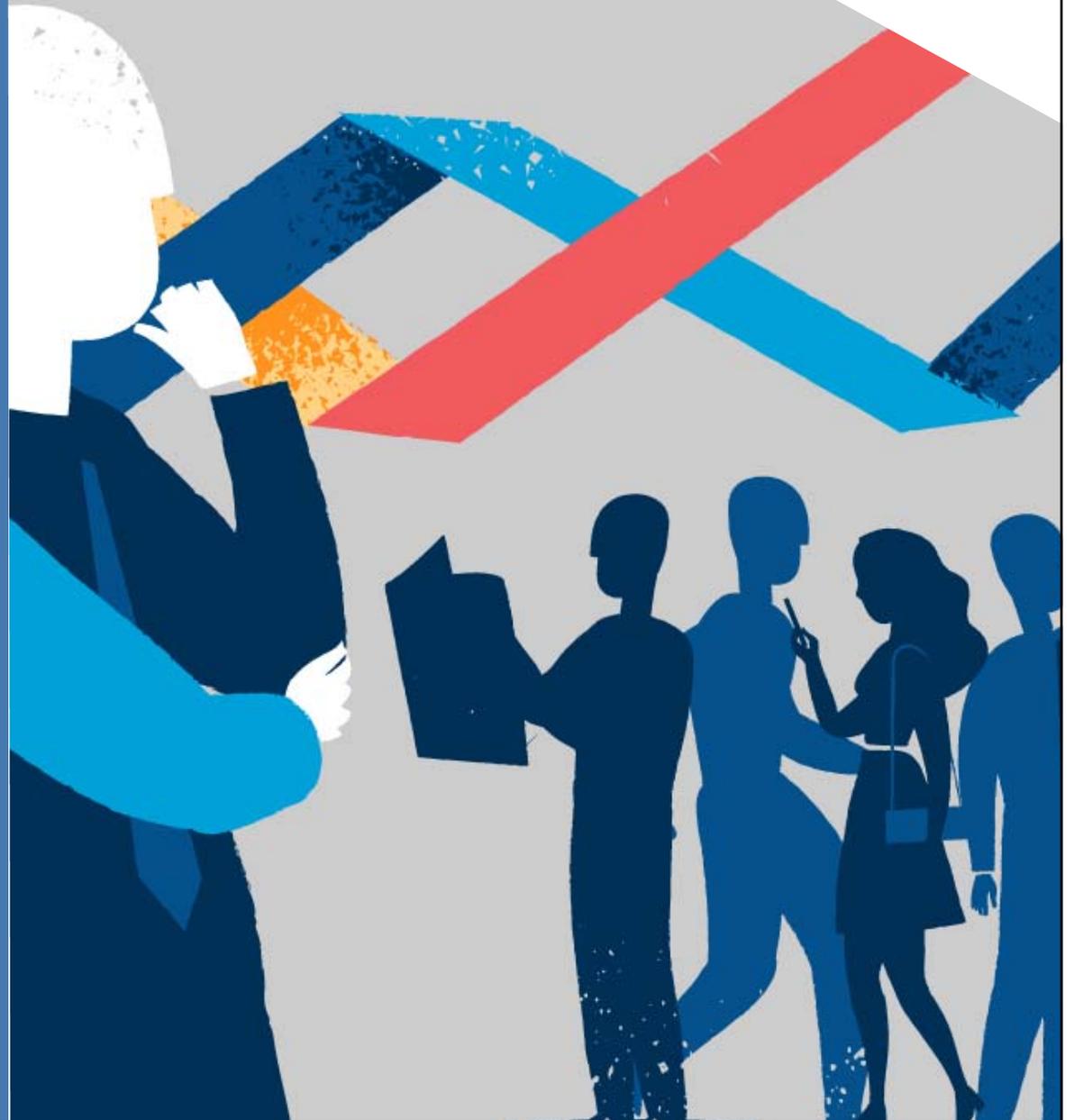
FY2017 Revised Down Part 2



➤ Breakdown in Technology Revs.

- Domestic Corporate Customer: -199 Mil. Yen
- Domestic SME's: -162 Mil. Yen
- Oversea Customer: -133 Mil. Yen

Company Vision



CONNECTING THE UNCONNECTED

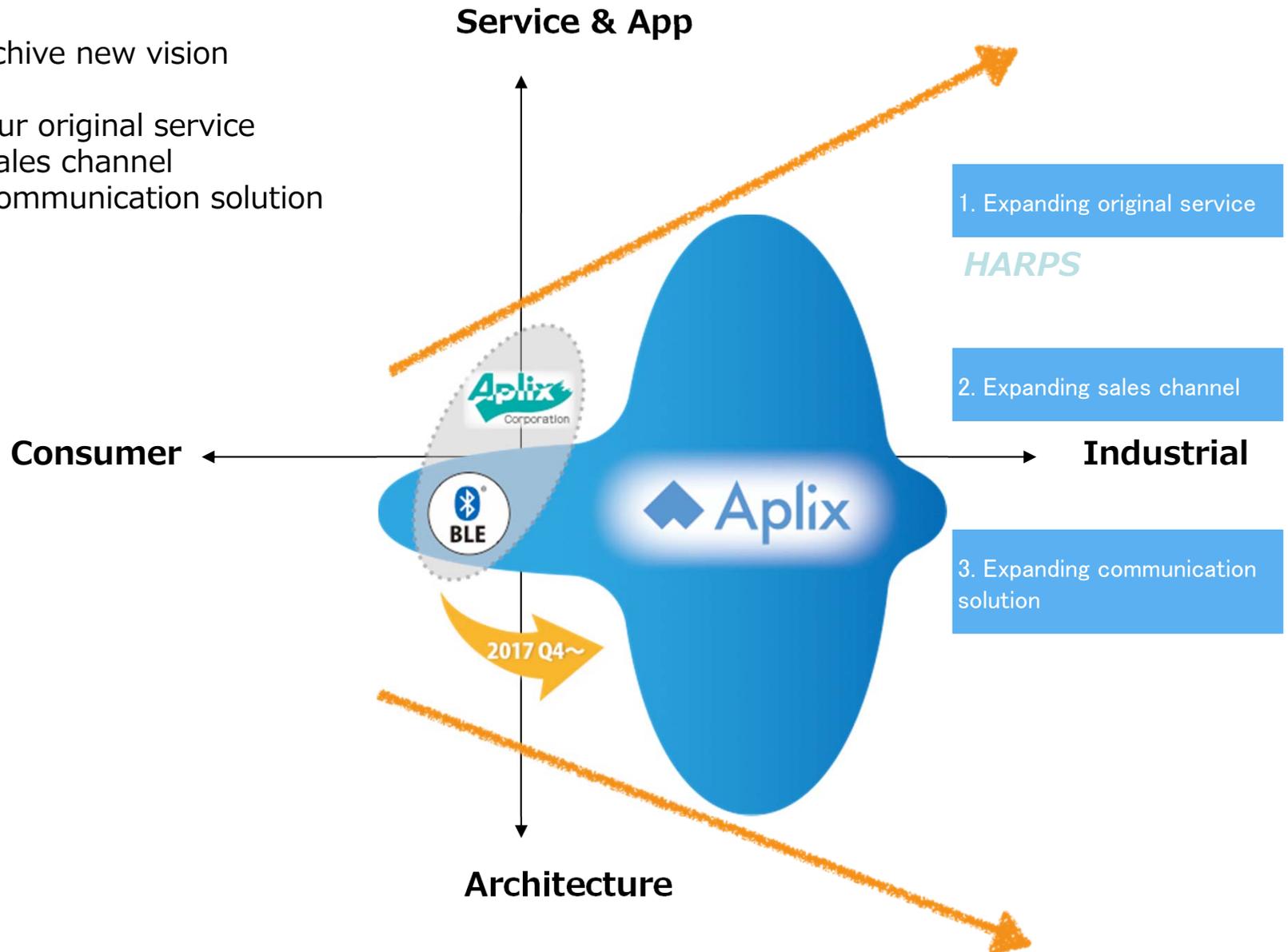
Company Mission: To contribute CONNECTING (TSE 3727)
New business challenge to CONNECTING

Next Target



3 strategies to archive new vision

1. Expanding our original service
2. Expanding sales channel
3. Expanding communication solution



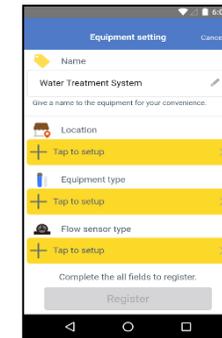
Packaging our original service



- HARPS Aqua :
Water filter monitoring service.
Service launching in FY2018.
- Gumwheel :
IoT security scanner.
Enable status monitoring of office and home
network for IoT devices.
- Aplix ConstantBridge IoT Platform :
IoT platform which enables controlling of devices using
PUSH notification by smartphone.



IoTIZR: Our original device to connect water flow meter and transfer via Wifi



HARPS Toolkit : Monitoring IoTIZR status



Aquatech Amsterdam 2017



➤ Joint Venture with HIKARI TSUSHIN,INC.

- Combining HIKARI TSUSHIN's sales channel and Aplix's IoT solutions, new Joint Venture company will expand sales for IoT solutions beacon products.
- Company will focus in selling "MyBeacon" product line up and solutions along with Mobile Phone and SIM card sales to corporation.

<u>Company Name</u>	Aplix Marketing (tentative)
<u>Head Quarter</u>	2-20-9, Nishiwaseda, Shinjuku-ku, Tokyo 169-0051, Japan
<u>Paid Capital</u>	10 mil. Yen
<u>Owned Shares</u>	Aplix : 51%、HIKARI TSUSHIN : 49%
<u>Date of Start</u>	4 th Jan. 2018
<u>Business</u>	IoT solution business MVNO SIM business

Extending communication device

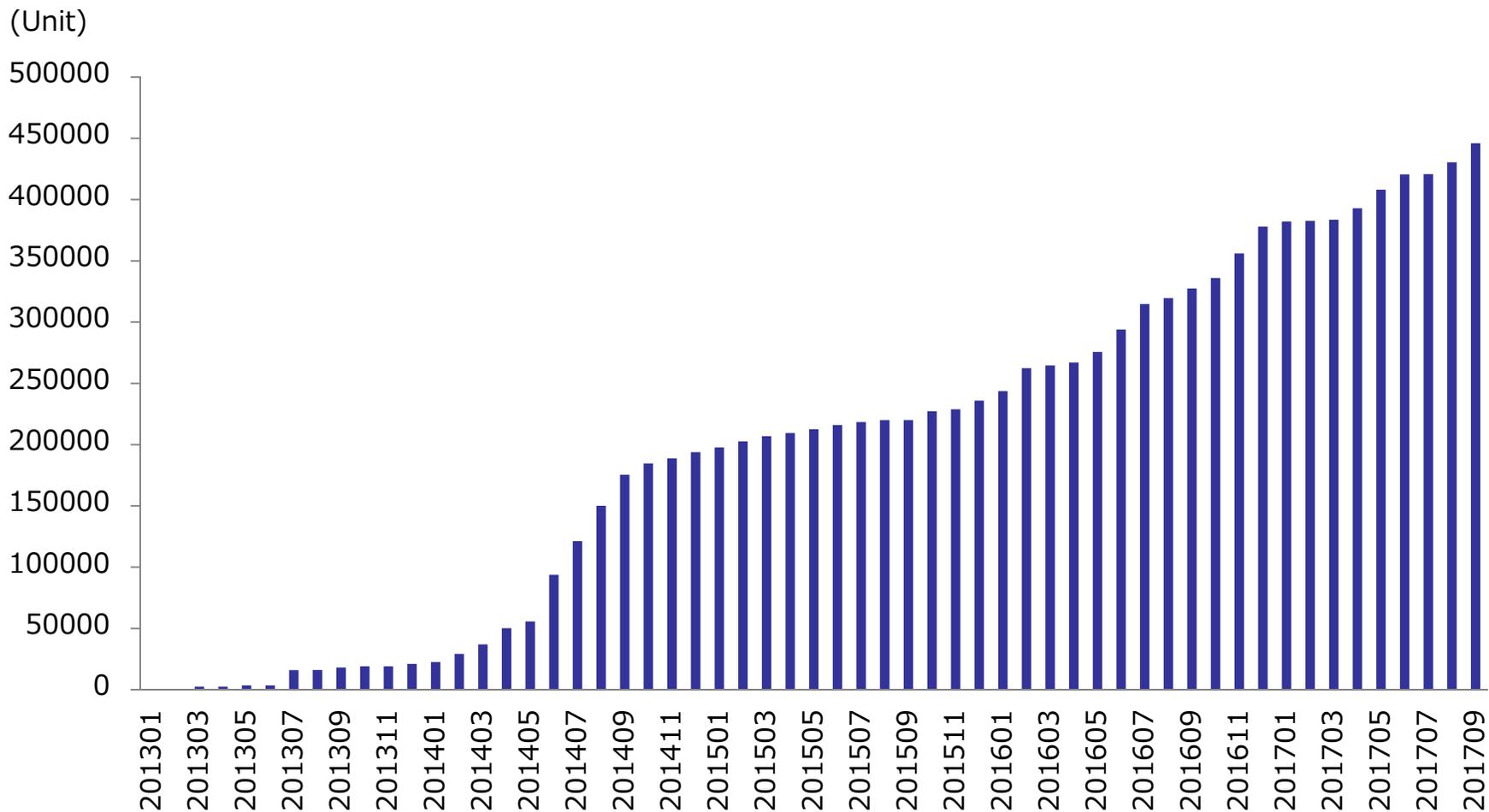


- IoT enables various service opportunities to various business segment. Communication technology is constantly improving with new method of communication and new regulations.
- In order to extend our support to our customers, we will develop and support next generation communication such as Low Power Wide Area (LPWA) and 5G along with our current BLE and Wi-Fi solution.

BLE module shipment



Accumulated 420 thousands BLE modules shipment in June 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

33 (Consolidated, as of September 30, 2017)

Market

Tokyo Stock Exchange Mothers

Code

JP:3727

Business Services

IoT Solution
(Security, Hardware, Software, Cloud)

Group Company

Aplix Corporation of America

Management Team

- **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

- **Corporate Officer** Kengo Nagahashi
- **Corporate Officer** Kunihiro Ishiguro
- **Corporate Officer** Ken Takagi
- **Corporate Officer** Takahiro Shirakawa
- **Corporate Officer** Nobushige Yamada

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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