



TRANSLATION FOR REFERENCE ONLY

December 14, 2015

For Immediate Release

Company Name: Aplix IP Holdings Corporation  
Representative: Ryu Koriyama, CEO and Representative Director  
(Code: 3727, TSE Mothers)  
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## **Notice Concerning the Establishment of a Subsidiary Through a Company Demerger (Simplified Incorporation-Type Demerger)**

The Company announced at the Board of Directors meeting held on December 14, 2015 that it has decided to spin off the publishing and video business. It shall be transferred to a new company that is to be established as a result of the company demerger, which is described below, as of January 4, 2016 (scheduled). The company demerger and establishment of the new company is in accordance with the policy for ensuring the self-supporting accounting systems of the Company group's businesses, which consist of the IoT (Internet of Things) solution business, the IoT semiconductor business, the IoT patent business, and the publishing and video business.

This company demerger will be conducted as a simplified incorporation-type demerger involving the Company only. For this reason, only some of the information in relation to this demerger is disclosed, while other matters are omitted.

### 1. Purpose of the company demerger

The Company group has switched its core business from the past comprehensive entertainment business and the business based largely on software infrastructure technology to the technology business, and has made a fresh start as an Internet of Things (IoT) start-up company. The Company group operates by positioning the IoT solution business, IoT semiconductor business, and the IoT patent business under the Technology Business and the publishing and video business as its four primary sources of revenue.

In the IoT-related business, the Company devotes all its energies to boosting sales and profits through the creation of IoT products and the provision of IoT solutions that utilize the Company's technologies by targeting the rapidly expanding IoT global market. In addition, the Company strengthens revenue management so that its respective businesses can support their own accounting in future.

In the publishing and video business, which is one of the primary sources of revenue and consists of the comics business of Flex Comix Inc. ("Flex") that offers web comics [Comic meteor] and [Comic polaris] and the picture book/children's books business of HOLP SHUPPAN, Publishing ("HOLP"), a surplus is expected thanks to the steady publication plan, reprinting, cost operations, and other measures for improving profitability, all of which were successful. In addition, because the amortization of goodwill arising from the Company's acquisition of Flex and HOLP in 2012 was completed in September 2015, the business revenues will be reflected in the results of the publishing and video business as they are in the future. The Company will aim to secure consistent profits from this business and positions it as a stable revenue base of the Company group.

In the management of the comics business by the Company group, the Company concludes agreements with authors for the use of creative works, agreements with third parties for license to use creative works, and outsourcing contracts for the production of publications. Thus, any and all rights and obligations to these works are held and assumed by the Company. When considering the Technology Business in light of this situation, the Company determined that the best course of action was to, through the spin-off of the comics business, strengthen the revenue management of the business, and ensure efficient business operations and prompt decision-making. The Company will aim to consistently maintain stable business operation of the comics business and further increase revenue through the company demerger it has announced.

**Note:** This press release is provided to share information about Aplix business activities, and it is not intended to solicit investment in Aplix shares. While the materials may describe information such as forecasts related to future business performance, this information has been created based on the judgment of Aplix at the time the materials were created. As a result, Aplix offers no guarantee that the conditions described will come to pass, and any of the information described is subject to change without notice in the future.

## 2. Summary of the company demerger

### (1) Schedule for the company demerger

Approval of the plan for the incorporation-type demerger by the Board of Directors: December 14, 2015

Date of the company demerger (effective date): January 4, 2016 (scheduled)

In addition, in accordance with the provisions of Article 805 of the Companies Act, this company demerger will be conducted without the approval of the shareholders meeting.

### (2) Method of the company demerger

(Simplified) incorporation-type demerger with the Company as the demerging company, and Aplix IP Publishing Corporation to be established (hereinafter the “New Company”) as the succeeding company that assumes a portion of the Company’s business

### (3) Allotment of shares

When the company demerger is made, the New Company will issue 1,000 common shares and allot all of them to the Company, thereby becoming a wholly owned subsidiary of the Company.

### (4) Treatment of the subscription rights to shares and the bonds with subscription rights to shares of the demerging company

The treatment of the subscription rights to shares issued by the Company will not change as a result of the company demerger. In addition, the Company has not issued and will not issue bonds with subscription rights to shares.

### (5) Decrease in stated capital as a result of the company demerger

There will be no decrease in stated capital as a result of the company demerger.

### (6) Rights and obligations to be transferred and delegated to the New Company

The New Company will succeed and assume the assets, liabilities, agreements/contracts, and other rights and obligations which the Company holds with respect to the publishing and video business to the extent set forth under the plan for the company demerger.

### (7) Prospects for performing obligations

It is judged that there are no problems in the prospects for performing the obligations which the Company and the New Company are to assume as a result of the company demerger.

## 3. Overview of the companies involved in the company demerger

	Splitting company (As of June 30, 2015)	New Company (Scheduled to be established on January 4, 2016)
(1) Trade name	Aplix IP Holdings Corporation	Aplix IP Publishing Corporation
(2) Business description	Technology Business Publishing and video business	Publishing and video business
(3) Date established	February 22, 1986	January 4, 2016 (scheduled)
(4) Address of the head office	2-20-9, Nishiwaseda, Shinjuku-ku, Tokyo	2-20-9, Nishiwaseda, Shinjuku-ku, Tokyo
(5) Representative	Ryu Koriyama, CEO & Representative Director	Ryu Koriyama, CEO & Representative Director
(6) Stated capital	13,416 million yen	50 million yen
(7) Total number of shares issued	12,753,930 shares	1,000 shares
(8) Fiscal year end	December 31	December 31
(9) Major shareholders and shareholding	NTT DOCOMO, INC.: 11.76% Ryu Koriyama: 8.46%	Aplix IP Holdings Corporation: 100%

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	Japan Trustee Services Bank, Ltd. (trust account): 3.64% CREDIT SUISSE SECURITIES (EUROPE) LIMITED PB OMNIBUS CLIENT ACCOUNT (Standing proxy: Credit Suisse Securities (Japan) Limited): 2.55% The Master Trust Bank of Japan, Ltd. (trust account): 1.71%	
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4. Financial position and operating results of the demerging company for the immediately preceding fiscal year (on a consolidated basis)

	Aplix IP Holdings Corporation
Fiscal year end	December 2014
Net assets	4,455 million yen
Total assets	5,964 million yen
Net sales	2,172 million yen
Operating income	-2,766 million yen
Ordinary income	-2,672 million yen
Profit	-3,311 million yen
Profit per share	-264.08 yen
Dividend income per share	-
Net assets per share	355.29 yen

5. Business division to be demerged

(1) Description of the business to be demerged

The publishing and video business

(2) Operating results of the business to be demerged for the fiscal year ended December 2014

	Business to be demerged (a)	The Company's results on a non-consolidated basis (b)	Ratio (a/b)
Net sales	476 million yen	1,584 million yen	30.1%

(3) Items and amount of the assets and liabilities to be demerged (as of September 30, 2015)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	298 million yen	Current liabilities	74 million yen
Non-current assets	-	Non-current liabilities	-
Total	298 million yen	Total	74 million yen

(Note) The amounts above are calculated based on the book value as of September 30, 2015. For this reason, the amounts of assets and liabilities to be actually demerged will differ from the amounts described above.

6. Situation after the company demerger

(4) The situation of the Company

There will be no change in the Company's trade name, business description, address of head office, title and name of the representative, stated capital, and fiscal year end as a result of the company demerger.

(5) The situation of the New Company's situations

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For the situation of the New Company, see “3. Overview of the companies involved in the company demerger.”

#### 7. Future outlook

This company demerger will be conducted as an incorporation-type demerger involving the Company only, and thus will have very little impact on the Company’s consolidated results.

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