

TRANSLATION FOR REFERENCE ONLY

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Aplix IP Holdings Corporation

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Aplix IP Holdings Announces Consolidated Results for the Fiscal Year Ended December 31, 2015 and Forecast for Fiscal 2016

- Aplix has completed the sale of businesses that it had previously operated and achieved improved results thanks to increased orders for IoT projects and continuous efforts to reduce costs –

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, 2015 (hereinafter the “current fiscal year”) and the consolidated forecast for the fiscal year ending December 31, 2016 (hereinafter the “next fiscal year”). In disclosing these results, Aplix has announced that going forward the Company is on course to improve revenue, thanks to completing the sale of businesses that it had been operating and facilitating significant cost reductions, as well as increased orders for IoT projects.

In regards to the consolidated results for the current fiscal year, Aplix implemented cost reductions through initiatives such as reducing its workforce and curtailing personnel costs by completing the sale of its old game and animation business, studio equipment, and related assets, by closing down its software infrastructure technology business, and by improving its operational efficiency. In addition, the Company accelerated employment for its IoT solution business. As a result, compared to the fourth quarter of the previous fiscal year (October to December 2014), net sales and operating income for the fourth quarter of the current fiscal year (October to December 2015) increased 21.8% and 71.4%, respectively.

In regards to the consolidated forecast for the next fiscal year, going forward Aplix will intensively invest its management resources in IoT businesses because this market is expected to further expand globally, while continuing to implement cost reductions. In doing so, the Company plans to maintain the recovery trend of net sales and significantly reduce the deficit level.

As the trend towards IoT gains momentum around the world, Aplix is focusing its efforts on providing total solutions required for IoT, including modules, applications, and cloud services that support big data. These efforts have helped increase the number of companies both in Japan and abroad that use the Company’s IoT solution, including the world’s largest kitchen sink manufacturer and a major pet goods maker in North America, as well as water filter producers.

On the other hand, the Company anticipates recording sales in its IoT business as a result of providing applications and services, as well as modules. However, the sales of applications and services are posted several months to approximately one year after products that use the Company’s IoT solution are released on the market. Therefore, the Company needs to secure working capital to deal with the sharp increase in orders from clients.

In this situation, Aplix has accepted a proposal from Macquarie Capital Securities, a Japanese company related to Macquarie Bank Ltd. Macquarie Capital Securities was one of the first to express interest in the Company’s IoT business, and has since then provided active support to investor relations activities as the Company pushes forward with its structural reforms to make the IoT business a core business. Aplix has

decided to issue the M-1 series stock acquisition rights through a third-party allotment with conditions for the adjustment of exercised prices (hereinafter the “Stock Acquisition Rights”) in favor of Macquarie Bank, Ltd. as a recipient of allotment. The bank, which is headquartered in Sydney, is one of the largest investment banks in Australia, and boasts a strong track record and a high degree of reliability. It has informed the Company that it expects to sell most of the rights directly to institutional investors based on the results of its market analysis. In addition, the number of the Company’s common shares subject to the Stock Acquisition Rights is fixed, and the maximum number of allocation of shares is limited. Therefore, the Company believes that the degree of dilution which occurs will not exceed its outlook due to future trends in share prices, even if the exercise price is adjusted, and that the impact on the share prices is limited and can be offset.

Aplix has already moved forward with development and production towards the creation of IoT-based products with many domestic and overseas manufacturers of products such as consumer electronics, household articles, and pet goods. With a number of the manufacturers’ products starting to be displayed in large-scale exhibitions or other events, it is believed that next year a wide variety of IoT products incorporating the Company’s IoT solution will be available from clients in both domestic and overseas markets. The Company will seek to expand its business base and increase revenue through efforts to capture demand that is expanding rapidly in both Japan and other countries.

■ 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 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 3.2 million copies in book form. Offering books and picture books for children in this business segment, HOLP SHUPPAN Publishing has released popular books including the “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/>

■ Contact:

Aplix Corporation M2M Product Group

E-mail : m2m-group@aplix.co.jp TEL : 050-3786-1702

■Inquiries:

Aplix IP Holdings Public Relations: E-mail : ir-info@aplix.co.jp

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