

TRANSLATION FOR REFERENCE ONLY

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Aplix IP Holdings Corporation

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Aplix IP Holdings Announces Results for the Second Quarter of Fiscal 2016: IoT Solution Business Grows Steadily and Publishing Business Enters the Black

Aplix IP Holdings Corporation (headquartered in Shinjuku-ku, Tokyo; Ryu Koriyama, CEO & Representative Director; hereinafter “Aplix”) announced its FY2016 Q2 consolidated financial results (for the year ending December 2016), stating that the IoT solution business, which plays a pivotal role in its future growth strategy, is growing steadily, with a significant increase in the order backlog. It also announced that the standalone operating income of its publishing business entered the black.

With reference to the IoT solution business, the pace of sales growth is gradual because of the transitional period of sales in its major IoT projects. However, the order backlog has been accumulating significantly, reaching 105 million yen (1.8 million yen in the previous fiscal year), and sales are expected to occur gradually in the second half of the year ending December 2016 and thereafter. Regarding costs, operating expenses were 543 million yen (down 37.1% compared with the same period of the previous year) due to the reduction of labor costs, and this shows that the cost reduction is proceeding smoothly.

With regard to the publishing business, at Flex Comix Inc., an Aplix consolidated subsidiary, sales of comic books showed solid performance. The children’s book by HOLP SHUPPAN, Publishing, an Aplix consolidated subsidiary, was designated as an assigned book for the national book reports competition for young people, and this contributed to an increase in the number of copies published. However, for reasons including a review of the number of new book titles published in order to improve profitability, sales decreased to 541 million yen (down 12.9% compared with the same period of the previous year). Nevertheless, cost reduction measures including a review of the number of new book titles published were successful, and the standalone operating income entered the black, reaching 44 million yen.

With regard to the full-year business results for the year ending December 2016, the projected sales were reviewed and amended from 2,306 million yen to 1,650 million yen, and the projected operating income and loss were amended from a loss of 696 million yen to a loss of 998 million yen. Nevertheless, inquiries in the IoT solution business are continuing to increase steadily, and it will expand in the future, and the publishing business is expected to achieve its target of remaining in the black. We will strive to improve profitability and eventually return to profit in consolidated operating income and loss through the accumulation of these steady efforts in the future.

Please click [here](#) to refer to the Summary of Financial Results (Consolidated) for the second quarter 2016, which has been announced today.

Aplix IP Holdings Press Release



■ 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, HOLF 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/>

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