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Aplix IP Holdings Corporation

(Code: 3727 TSE Mothers)

Aplix IP Holdings Announces Results for the Third Quarter of Fiscal 2016

Sales of IoT Solution Business Show Significant Growth While Publication Business Also Remains Profitable

Aplix IP Holdings Corporation (headquartered in Shinjuku-ku, Tokyo; Ryu Koriyama, CEO & Representative Director) announced its FY2016 Q3 consolidated financial results (for the year ending December 2016). Continuing on from the second quarter, our publication business remained profitable and sales grew for our IoT solution business, which is core to our future growth strategy, showing a steady recovery in our performance.

With the completion of projects to develop solutions for Guardian Technologies LLC's air purifiers and Nestlé Japan's coffee machines, the consolidated sales of the third quarter (from July to September 2016) in our technology business, where our IoT solution business is positioned, grew significantly to 169 million yen (125.3% growth compared with the same period of the previous year). Our cost reduction efforts have progressed steadily as well, with sales expenses amounting to 267 million yen (down 49.8% compared with the same period of the previous year) thanks to our efforts to cut down cost on personnel and other areas.

As for the comics department in our publication business, shipments progressed steadily with our broad range of choices for men and women, including school romance comedy for men "Omaera Zenin Mendokusai!" (You're all trouble!), and a heartwarming comedy for women "Doukyonin wa Hiza, Tokidoki, Atama no Ue" (My share mate is on my lap, sometimes on my head). As for picture books and children's books, "Wonder", a translated novel and a selected read for the 62nd National Book Review Contest for Young People has sold many copies. With these results, the consolidated sales of the publication business' third quarter amounted to 229 million yen (up 9.05% compared with the same period of the previous year). Its sales expenses also amounted to 233 million yen (down 15.9% compared with the same period of the previous year), showing the effects of various cost-cutting efforts, similar to our technology business.

As a result, the consolidated sales of our technology business in the first third quarters (from January to September, 2016) amounted to 367 million yen, with sales loss of 443 million yen, sales from the publication business of 770 million yen, and a sales profit of 40 million yen. The total sales from both businesses amounted to 1,138 million yen (up 9.2% compared with the same period of the previous year) and our sales loss, including the 390 million yen from the adjusted segment loss, was 793 million yen.

Going forward, we will aim to continue our efforts to expand sales and improve our profitability, in order to achieve a turnaround in our consolidated financial results.

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

■ 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 “Wonder”

Aplix IP Holdings website (Investor Relations): <http://www.aplix-ip.com/en/>

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