



October 3, 2016

Press Release

Company Name: WirelessGate, Inc.
(Code 9419: TSE First Section)
Location: 5F Tennozu Yusen Bldg., 2-2-20
Higashi Shinagawa, Shinagawa-ku, Tokyo
Representative: Takehiro Ikeda,
Founder and CEO
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Notice Regarding the Launch of the New Business

– Full-Scale Entry into the IoT Platform Business for Industrial Use –

WirelessGate, Inc. (Head Office: Shinagawa-ku, Tokyo; Representative Director and CEO: Takehiro Ikeda; hereinafter “WirelessGate”), a wireless broadband service provider, adopted a resolution at a meeting of its Board of Directors on October 3, 2016 to launch a new business. Details are as follows.

1. Purpose of the launch of the new business

Since its foundation in January 2004, WirelessGate has provided wireless broadband service to general consumers as an aggregator (integrated wireless communication career) by incorporating different telecommunication technologies, such as Wi-Fi, WiMAX, and LTE, into a one-stop telecommunication service for better convenience.

Meanwhile, the IoT market has been recognized as one of the communication fields with the greatest potential. According to the White Paper 2015 Information and Communication in Japan ^(Note 1) issued by the Ministry of Internal Affairs and Communications, IDC forecasts an increase in the size of the IoT market worldwide from approximately 650 billion dollar in 2014 to 1.7 trillion dollars by 2020.

As the IoT brings innovation to various aspects, including collection, accumulation, analysis, reflection, and application of information, it holds enormous potential for bringing dramatic change to the business and structure of numerous industries. The IoT is also expected to find widespread application in society, and to be introduced in a wide range of industries and fields to improve the productivity of plants or to control the efficiency of social infrastructure.

Given these market circumstances, for some time WirelessGate has examined the possibility of applying LTE over Wi-Fi technology (Note 2) to the high-speed telecommunication service for IoT, which was mentioned in “Notice regarding investment in nCore Communications in the U.S.” (Note 3) issued on October 15, 2015, while developing services for IoT by combining different telecommunication technologies. The Company has decided to launch the new business since it is now confident that the commercialization of the high-speed telecommunication service for IoT is achievable by applying LTE over Wi-Fi technology.

* IoT: Internetworking of physical objects. Realizing automatic authentication, automatic control, and remote measurement by giving communication function and Internet connectivity not only to information and telecommunication devices, but also to various physical objects existing in society and by establishing communication between these objects.

(Note 1) White Paper 2015 Information and Communication in Japan

<http://www.soumu.go.jp/johotsusintokei/whitepaper/ja/h27/html/nc254120.html>

(Note 2) LTE over Wi-Fi is a technology that enables Wi-Fi access points to operate like LTE base stations, achieving a variety of functions offered by LTE networks on a Wi-Fi platform.

(Note 3) Publicized as PR information through TDnet (Timely Disclosure Network) of the Tokyo Stock Exchange.

Refer to the Company's website for details.

2. Outline of the new business

(1) Details of the new business

So far WirelessGate has provided wireless broadband service to data-heavy general consumers as an aggregator (integrated wireless communication career) by incorporating different telecommunication technologies, such as Wi-Fi, WiMAX, and LTE, into a one-stop telecommunication service for better convenience.

Now, with the IoT set to find widespread application, it is necessary to connect many devices to the networks. Although the construction of IoT platforms for low-capacity data telecommunication was already in progress, WirelessGate believes that IoT telecommunication for industrial use, which is deemed mainstream, requires high-speed, a large capacity, and a high level of security.

However, neither definite technical solutions nor platformers have yet appeared as an IoT platform that can assure large-capacity data telecommunications and security, which are essential for industrial use. Having noticed this unfilled niche in the market, the Company has focused its attention on LTE over Wi-Fi technology to construct an IoT platform for industrial use that requires high-speed, a large capacity, and a high level of security. The Company has decided to establish a high-speed telecommunication service for IoT utilizing this LTE over Wi-Fi technology as a new business.

Upon the launch of the new business, the Company has established LTE-X Inc. with Mobile Internet Capital, Inc. (hereinafter “MIC”) aiming to develop the business strategically as well as swiftly instead of developing the business on its own.

Moreover, WirelessGate will use the LTE tunneling technology (LTE over X) (using the domestic exclusive license of the technology owned by nCore Communications in the U.S.) as a core technology to develop the IoT platform business for industrial use for handling data that will require high-speed, a large capacity, and a high level of security.

Its main targeted markets include plants, hospitals, and security. The system will be completed by the end of 2016 and the commercial service will be launched in the beginning of 2017.

(2) Division in charge of this business

LTE-X Inc., an affiliated company (joint venture)

3. The amount and details of the investment to launch the business

Investment of 2,000,000 yen in the affiliated company (joint venture)

(The Company 1,020,000 yen 51.0%, 980,000 yen 49.0%)

*Additional investments (investment ratio: the Company 51.0% and MIC 49.0%) up to 250 million yen will be made in stages with the aim of promoting the business and strengthening the financial base.

• Outline of the affiliated company (joint venture)

(1) Name	LTE-X Inc.
(2) Location	2-2-20 Higashi Shinagawa, Shinagawa-ku, Tokyo
(3) Position and name of representative	Representative Director and CEO Takehiro Ikeda
(4) Type of business	Provision of secure, high-speed, and large capacity IoT platform
(5) Capital (as of October 3, 2016)	1,000,000 yen (half of the investment of 2,000,000 yen is incorporated into the capital) *Additional investments (investment ratio: the Company 51.0% and MIC 49.0%) up to 250 million yen will be made in stages with the aim of promoting the business and strengthening the financial base.
(6) Date of establishment	September 20, 2016
(7) Shareholders and shareholding ratio	WirelessGate, Inc. 51.0% Mobile Internet Capital, Inc. 49.0%

• Outline of the partner company

(1) Name	Mobile Internet Capital, Inc.		
(2) Location	1-11-28 Akasaka, Minato-ku, Tokyo		
(3) Position and name of representative	President and CEO Takashi Yamanaka		
(4) Type of business	Venture capital		
(5) Capital	100,000,000 yen		
(6) Date of establishment	November 11, 1999		
(7) Shareholders and shareholding ratio	NTT DoCoMo, Inc.		30.0%
	Internet Research Institute, Inc.		30.0%
	Mizuho Securities Co., Ltd.		30.0%
	MIC Executive/Employee Stock Ownership Plan		10.0%
(8) Relationship between the listed company and the subject company	Capital relationship	Not applicable	
	Human relationship	Not applicable	
	Business relationship	Not applicable	

4. Schedule

Date of resolution at the Board of Directors Meeting	October 3, 2016
Date of business commencement	October 3, 2016
Date of commercial service commencement	April 1, 2017 (planned)

5. Future prospects

This project will not have a material effect on the Group's consolidated financial results for the year ending December 31, 2016. WirelessGate believes that this project will contribute to the improvement of its corporate value in the future. Any other influence on the prospects of the Group's performance will be promptly disclosed.

(Reference) Consolidated earnings forecast of the current year (announced on February 12, 2016) and actual consolidated performance from the previous fiscal year

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Net income attributable to owners of the parent
Consolidated earnings forecast of the current year (December 2016)	12,832 million yen	1,250 million yen	1,067 million yen	660 million yen
Consolidated performance of the previous fiscal year (December 2015)	11,311 million yen	1,065 million yen	1,062 million yen	684 million yen