Fiscal 2023 Financial Results Materials
Fiscal Year Ended January 31, 2024
(40th Fiscal Year)

ACCESS CO., LTD. (4813)

March 2024

Agenda

1. Financial Results for FY2023
   Fiscal Year Ended January 31, 2024
   (40th Fiscal Year)

2. Financial Forecast for FY2024

3. Business Overview

4. Appendix

Executive Summary

Net sales JPY **16,573** **million** YoY **+26.9**%

Operating profit JPY **(105)** **million** YoY **+1,601** million

・ Consolidated net sales grew by more than 25% for a third consecutive fiscal year
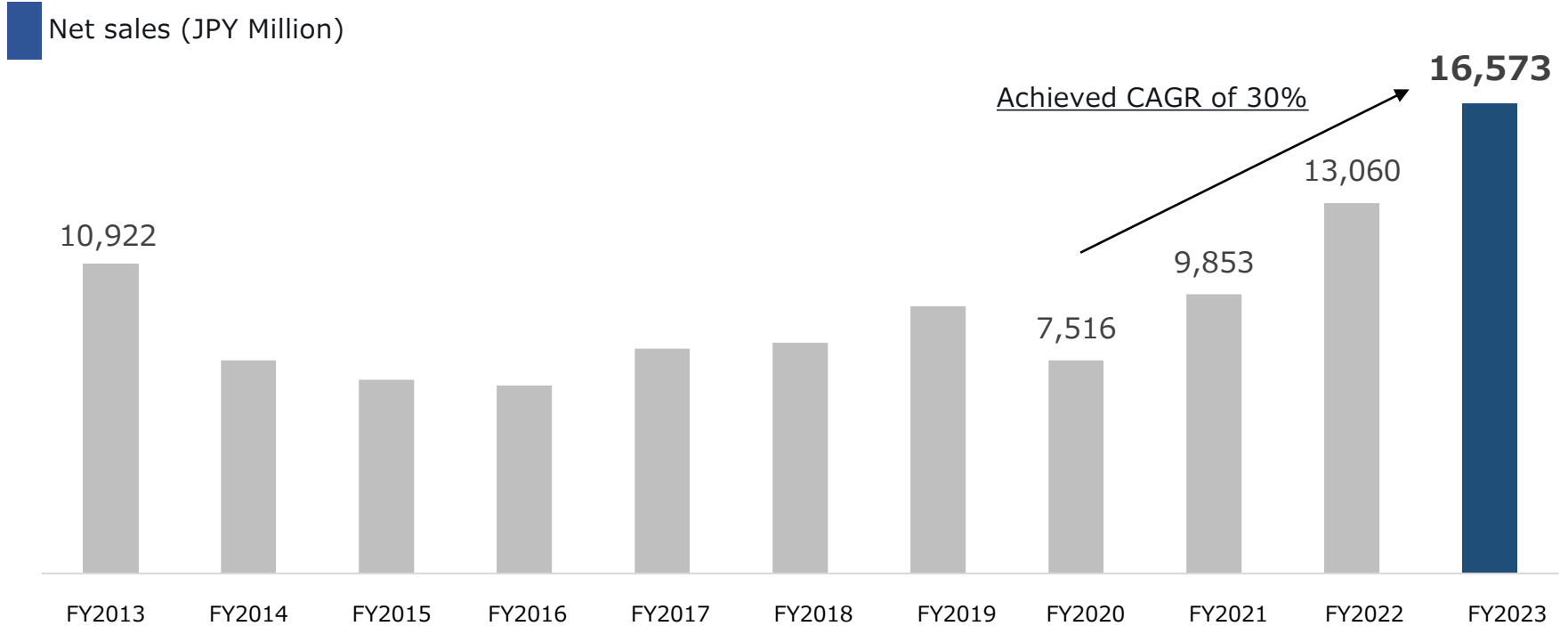
・ Achieved profitability in the Network Business

01

**Financial Results for FY2023
Fiscal Year Ended January 31, 2024 (40th Fiscal Year)**

Consolidated Results: Comparison with Forecasts

Both net sales and each stage of profit achieved revised forecasts

(JPY Million)	FY2023 Forecast (revised)	FY2023 Results	Cause
Net sales	16,000	**16,573**	
Operating profit	(350)	**(105)**	
Ordinary profit	(200)	**(12)**	
Profit attributable to owners of parent	(550)	**(280)**	Income taxes – deferred: (183)
EBITDA*	(Undisclosed)	**3,126**	

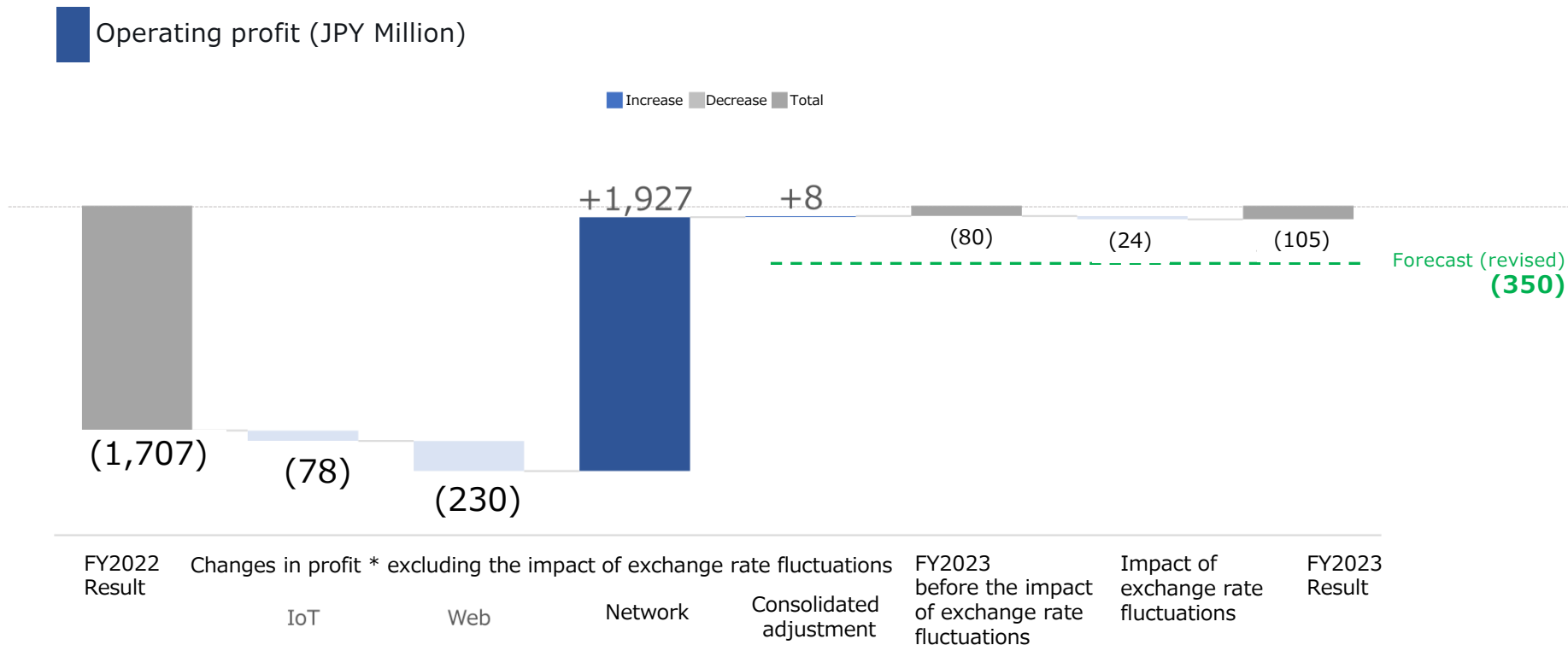*: EBITDA=Operating profit + Depreciation and Amortization + Amortization of Goodwill

Sales Trends

The Network Business drove the net sales growth, boosting the CAGR to more than 30% in the four years after the COVID-19 pandemic

■ Net sales (JPY Million)

16,573

Achieved CAGR of 30%

13,060

10,922

9,853

7,516

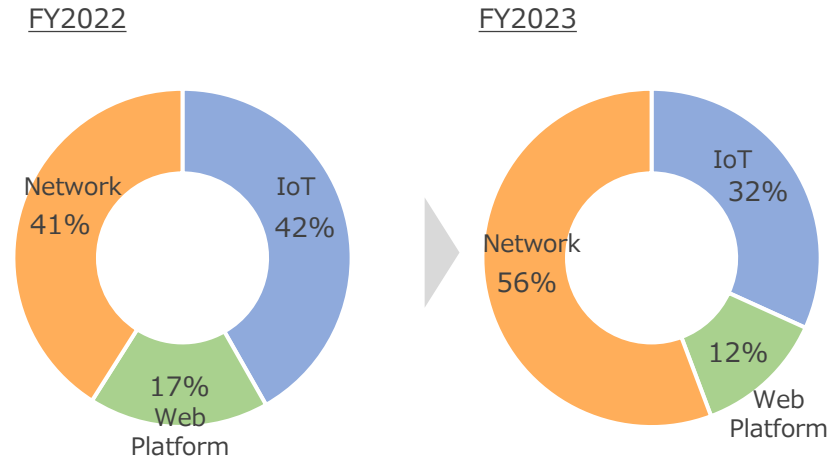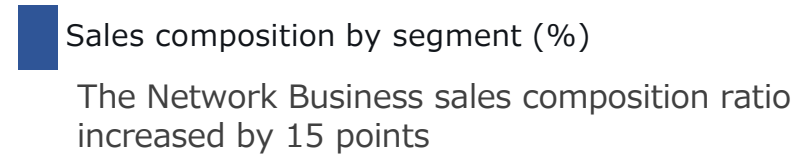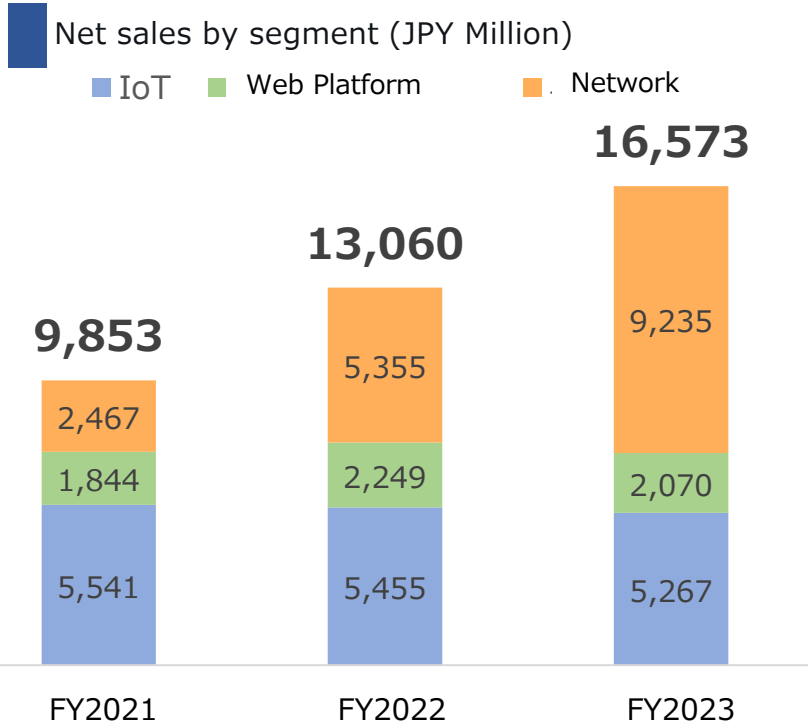| FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |

YoY Changes in Operating Profit
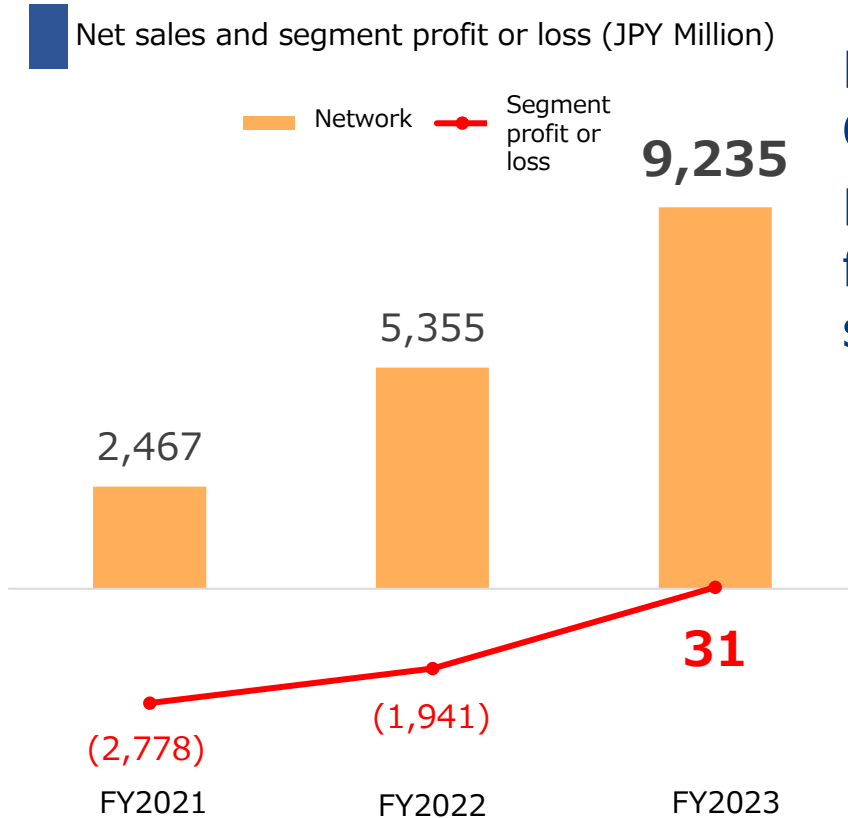
Achieved revised forecasts, driven by the Network Business

(*Forecast: operating profit JPY (350) million)

■ Operating profit (JPY Million)

■ Increase ■ Decrease ■ Total

+1,927   +8

(80)   (24)   (105)

Forecast (revised) **(350)**

(1,707)

(78)

(230)

FY2022 Result	Changes in profit * excluding the impact of exchange rate fluctuations			FY2023 before the impact of exchange rate fluctuations	Impact of exchange rate fluctuations	FY2023 Result
	IoT	Web	Network	Consolidated adjustment		

*The initial forecast of JPY 500 million was lowered to JPY (350) million in December 2023.

Net sales of the Network Business grew by 1.7 times YoY

Net sales by segment (JPY Million)

- IoT
- Web Platform
- Network

9,853

FY2021
2,467
1,844
5,541

13,060

FY2022
5,355
2,249
5,455

16,573

FY2023
9,235
2,070
5,267

Sales composition by segment (%)

The Network Business sales composition ratio increased by 15 points

FY2022

Network 41%
IoT 42%
17% Web Platform

FY2023

Network 56%
IoT 32%
12% Web Platform

■ Net sales and segment profit or loss (JPY Million)

Network ── Segment profit or loss

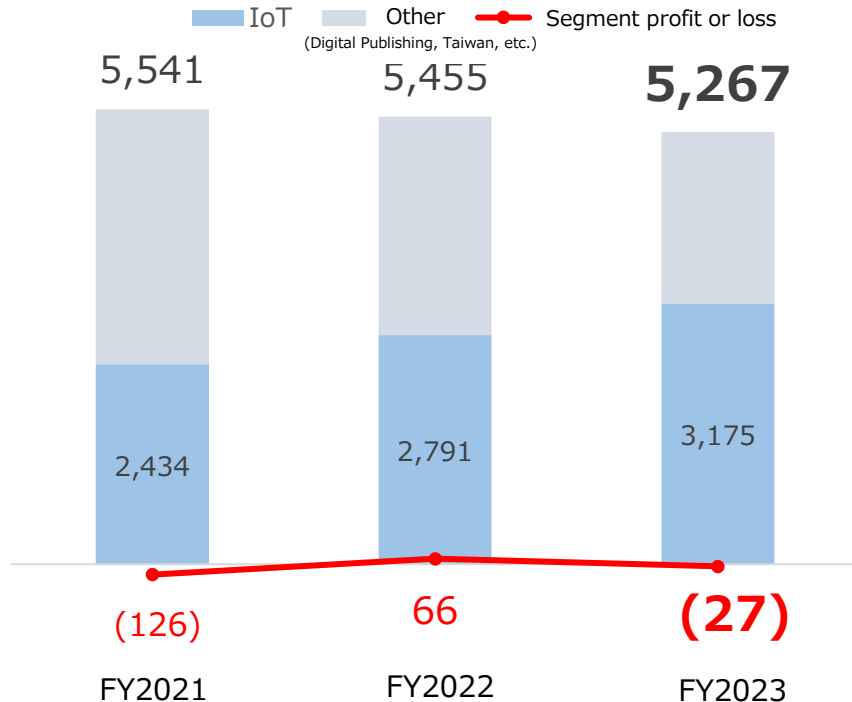| FY2021	FY2022	FY2023
2,467	5,355	9,235
(2,778)	(1,941)	31

Business growth of OcNOS®, a Network OS for white box

Posted record-high segment net sales for a second straight year and achieved segment profitability

Network Business

・Acquired more than 90 new customers and a repeat order received for a large-scale project from major customers, significantly contributing to sales and profit

・Strategy to focus on Tier 2/3 telecommunications carriers and data centers was successful, leading to steady growth in orders received and unit price

IoT Business Results Overview

■ Net sales and segment profit or loss (JPY Million)

IoT | Other (Digital Publishing, Taiwan, etc.) | ━●━ Segment profit or loss

	FY2021	FY2022	FY2023
Total	5,541	5,455	**5,267**
IoT	2,434	2,791	3,175
Segment profit or loss	(126)	66	**(27)**

Sales fluctuated in each field, but IoT professional services remained firm

IoT Field

- ・Steady growth in sales of mainstay IoT professional services* underpinned profits

  *Custom-made development projects

Other

- ・Digital Publishing was spun off as a result of spin-outs and share transfers, due to a decrease in sales and other factors
- ・The Taiwan business has failed to recover sales. Its business operation structure is under review for the next fiscal year

Web Platform Business Results Overview

Net sales and segment profit or loss (JPY Million)

Legend: Japan | Europe | China & South Korea | Segment profit or loss

	FY2021	FY2022	FY2023
Total	1,844	2,249	2,070
China & South Korea	210	212	219
Europe	288	496	442
Japan	1,344	1,539	1,409
Segment profit or loss	(321)	169	(102)
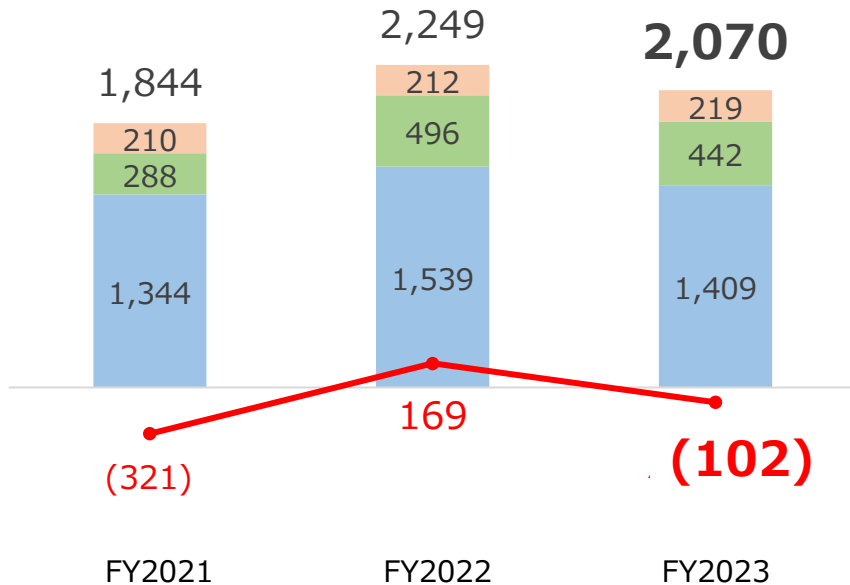
Net sales and profit decreased from the previous fiscal year, due to delayed market growth, increased costs, and other factors

Japan

- Shipments of final products equipped with browsers for both TV and in-vehicle fields were firm
- Net sales and profit decreased YoY due to suspension of some projects under development, increased costs, and other factors

Europe

- Gradual increase in orders for in-vehicle infotainment projects (Mediatek, Great Wall Motor, XPENG, etc.)
- Made management decisions such as integration of sites including a cost review

Made company-wide management decisions and implemented selection and concentration in the second half

Accumulated net sales and operating profit in FY2023 (JPY Million)

Legend: IoT | Web Platform | Network | Operating profit

Chart data (FY2023 quarterly):

	Q1	Q2	Q3	Q4
Total	3,916	6,738	10,771	16,573
Network	2,129	3,276	5,565	9,235
Web Platform	488	942	1,412	2,070
IoT	1,299	2,520	3,794	5,267
Operating profit	356	(1,125)	(1,568)	(105)

FY2023
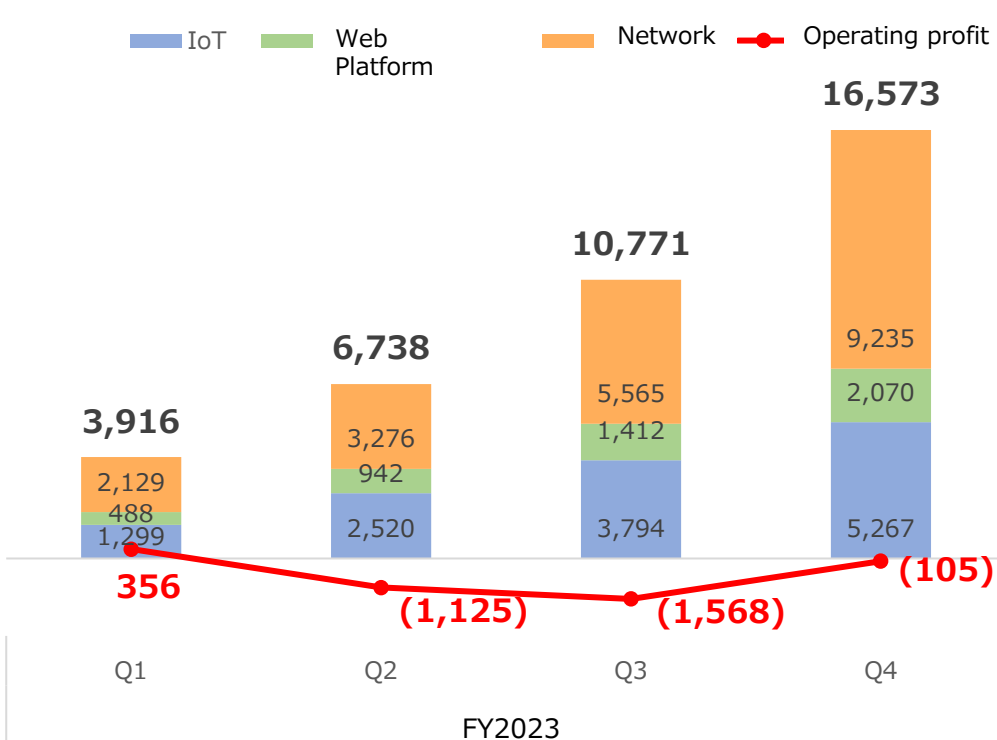
1H

NW	Q1: Profitability achieved for the quarter due to the impact of a repeat order received for a large-scale project ahead of schedule
Company-wide	Q2: Achieved record-high net sales for 1H since FY2011

2H

IoT	Q4: Announced share transfer of a portion of the Digital Publishing Business through an incorporation-type company split
Company-wide	Q4: Formed capital and business alliance with NTT
Web	Q4: Decided to optimize the organizational structure of the European sites and integrate and eliminate business sites

Capital and Business Alliance with NTT

Details of the capital and business alliance (quoted from the timely disclosure dated December 12, 2023)

1. Utilizing NTT's R&D technology and IP Infusion's network operating system technology, we will strengthen R&D and commercialization of the network operating system "Beluganos" and sales and support in the global market.

2. We will promote R&D to realize UI/UX required for the IOWN era by utilizing NTT's UI/UX technology and ACCESS's web browser and IoT technologies.

Reference:

https://www.access-company.com/products/dx-iot/iown/

02

Financial Forecast for FY2024

Maintain sales growth and return to profitability for the first time in five fiscal years

(JPY Million)	FY2023	FY2024	YoY
Net sales	16,573	**18,500**	+1,926 / +11.6%
Operating profit	(105)	**500**	+605 / —
Ordinary profit	(12)	**450**	+462 / —
Profit attributable to owners of parent	(280)	**210**	+490 / —
EBITDA*	3,126	**4,300**	+1,173 / +37.5%

*: EBITDA=Operating profit + Depreciation and Amortization + Amortization of Goodwill

Sales Trends for FY2024 (41st Fiscal Year)

Quarterly financial results are prone to sales fluctuations, due to the impacts of an order received for a large-scale project and other factors
Sales are expected to see a YoY reactionary decrease in 1Q of FY2024 from the previous year, but expected to steadily grow for the full year

■ Quarterly net sales (JPY Million)

Acquisition of an order for a large-scale project ahead of schedule

	FY2022				FY2023				FY2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	2,742	2,396	4,406	3,514	3,916	2,821	4,033	5,801				
YoY	+57.9%	+8.7%	+137.3%	(13.3)%	+42.8%	+17.7%	(8.5)%	+65.1%				
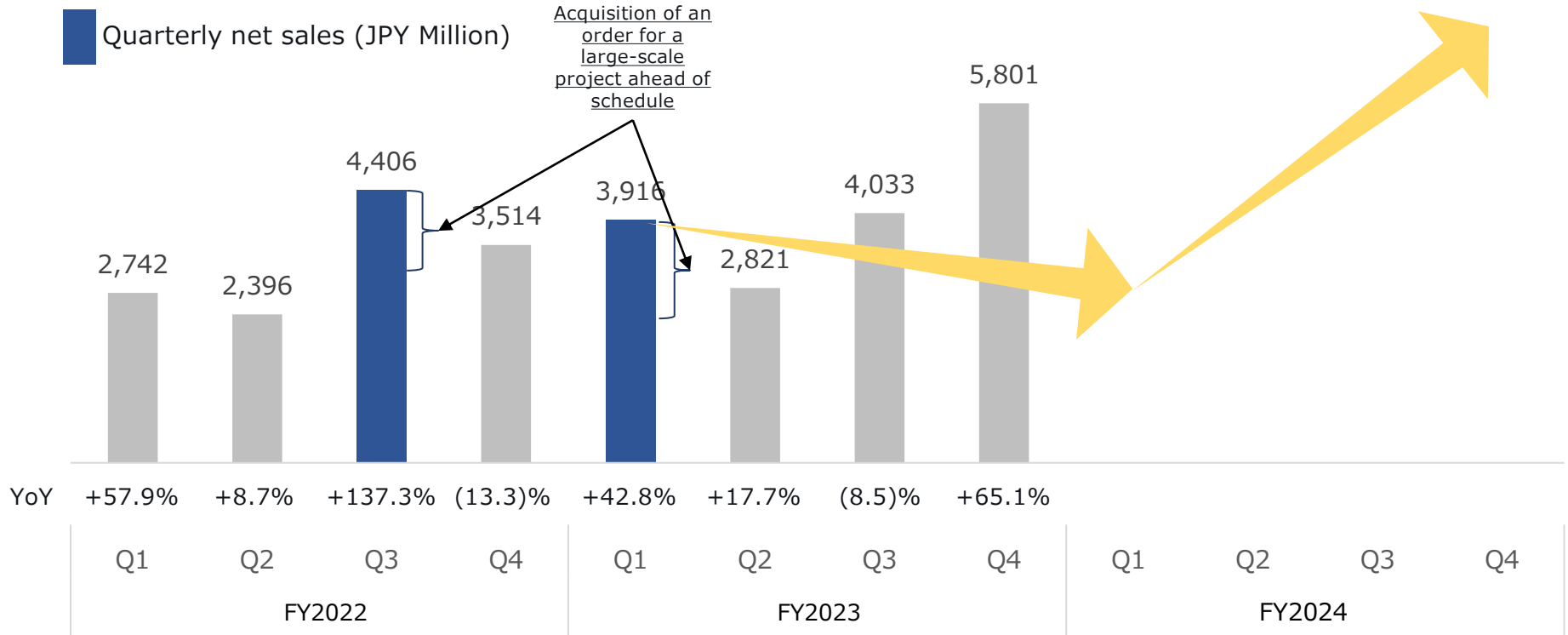
Achieve sales growth and profitability in all segments

(JPY Million)		FY2023	FY2024	YoY
Network Business	Net sales	9,235	10,000	+764 / +8.3%
	Segment profit or loss	31	250	+218 / +690.3%
IoT Business	Net sales	5,267	6,100	+832 / +15.8%
	Segment profit or loss	(27)	200	+227 / —
Web Platform Business	Nets ales	2,070	2,400	+329 / +15.9%
	Segment profit or loss	(102)	50	+152 / —

Medium-term Vision (reposted)

Continue to work to achieve the target figures for FY2026
Net sales: JPY 25 billion to JPY 31 billion, Operating profit margin: around 25%
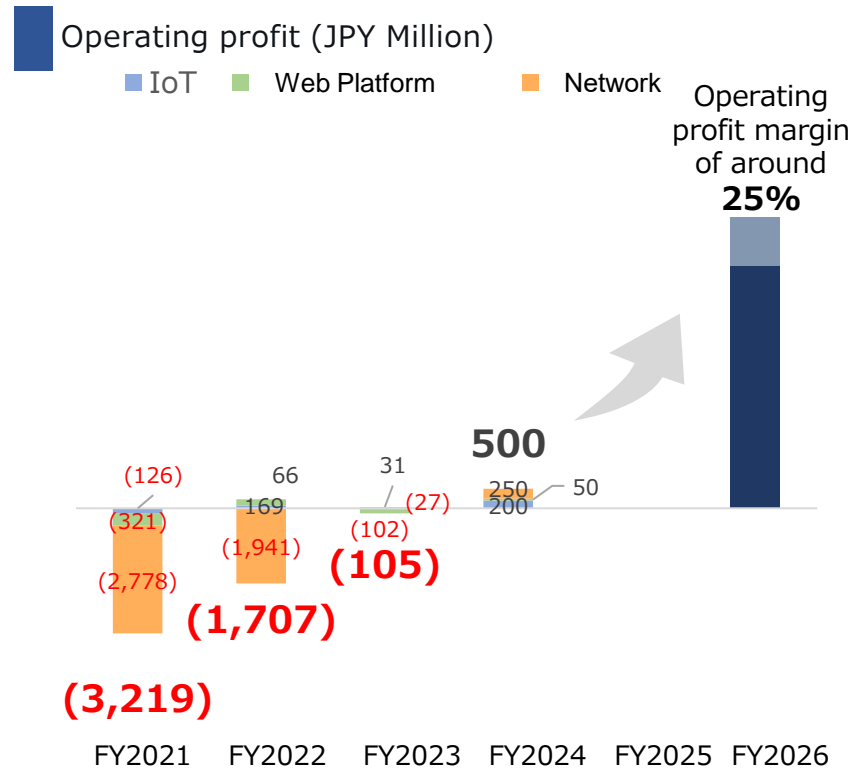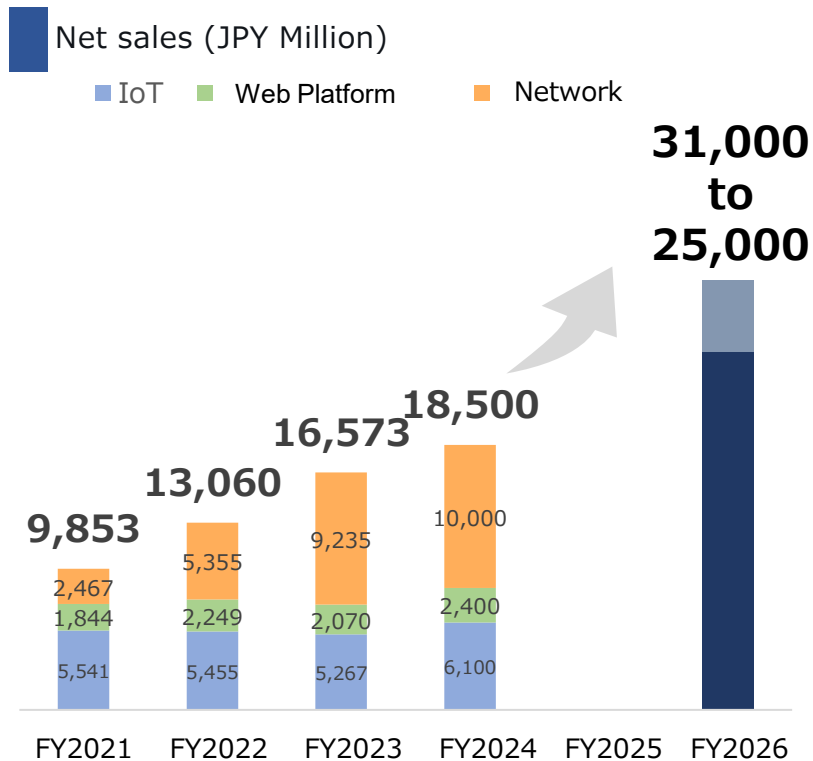
03

Business Overview

Business Composition

Network Business

- Started business by providing software for network switches*
  *Equipment for communication between networks

- Strength in technological capabilities and achievements in providing carrier-quality software

- Focus on business development of network OS OcNOS® for white box, which separates software and hardware

ip infusion™
An ACCESS Company
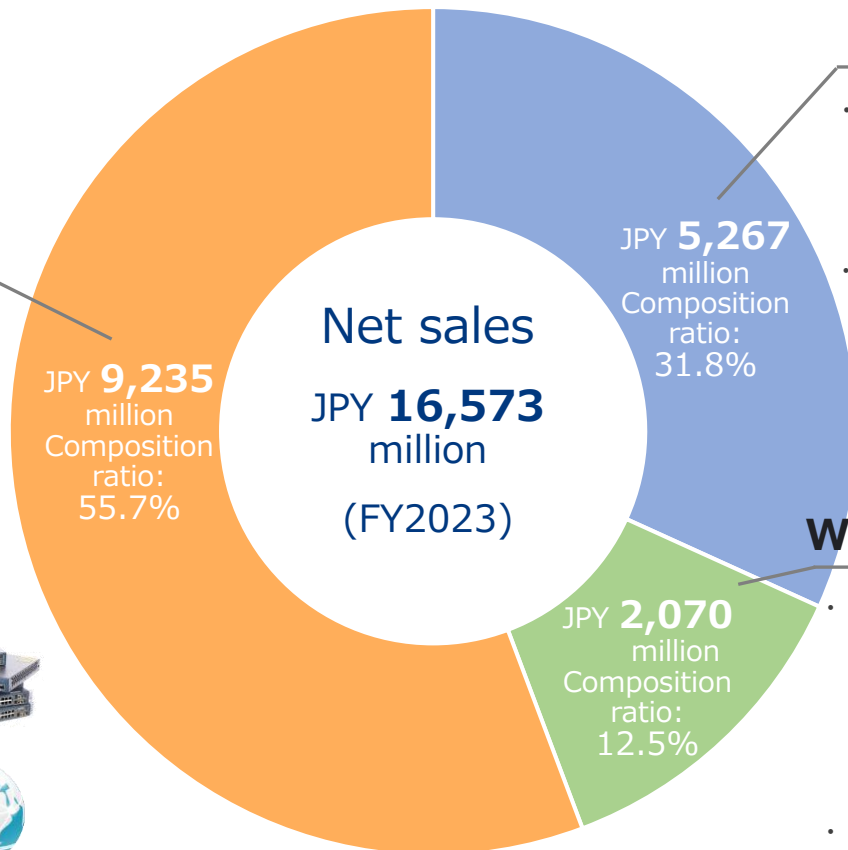
IoT Business

- Developing our own products and services in the medium- to long-term with a focus on IoT professional services

- Capable of providing one-stop services for telecommunication, cloud, applications, etc., leveraging our strength in technology/ architecture examination

Web Platform Business

- Business development centered on the embedded browser "NetFront® Browser" series, which has established itself as the de facto standard with a track record of being installed in over 1.5 billion devices

- Main markets are TV and in-vehicle infotainment

Net sales
JPY **16,573** million
(FY2023)

JPY **9,235** million
Composition ratio: 55.7%

JPY **5,267** million
Composition ratio: 31.8%

JPY **2,070** million
Composition ratio: 12.5%

Focusing on market development by providing network OS OcNOS® as a leading company in white box solutions

What is white box?

A network switch for which software and hardware are supplied separately, in contrast to conventional network switches with integrated software and hardware

Appeal of white box to users (telecommunication carriers, data center operators, etc.)
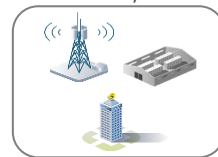
Cost reductions	Greater flexibility in operations

Conventional network switches: provided as a set of dedicated hardware and software

Telecommunication carriers, data centers, etc.

Network equipment vendors

Dedicated software

Dedicated hardware
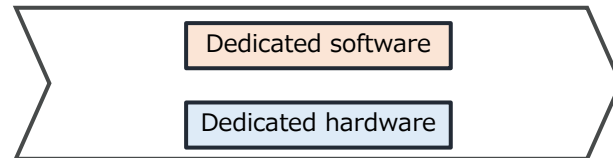
Whitebox network switches: general-purpose hardware and software are provided separately

ip infusion
An ACCESS Company

Software vendors for Whitebox

Network OS OcNOS™

ODM hardware vendors
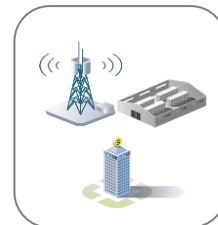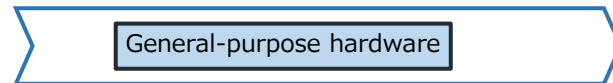
General-purpose hardware

Responding to recent AI demand, orders for data centers have increased

Composition of accumulated orders received* (%)
*Including multi-year contracts

Pie chart:
- Data Center 59%
- Cell Site Router 14%
- Routed Optical Networking 3%
- Broadband Aggregation 24%
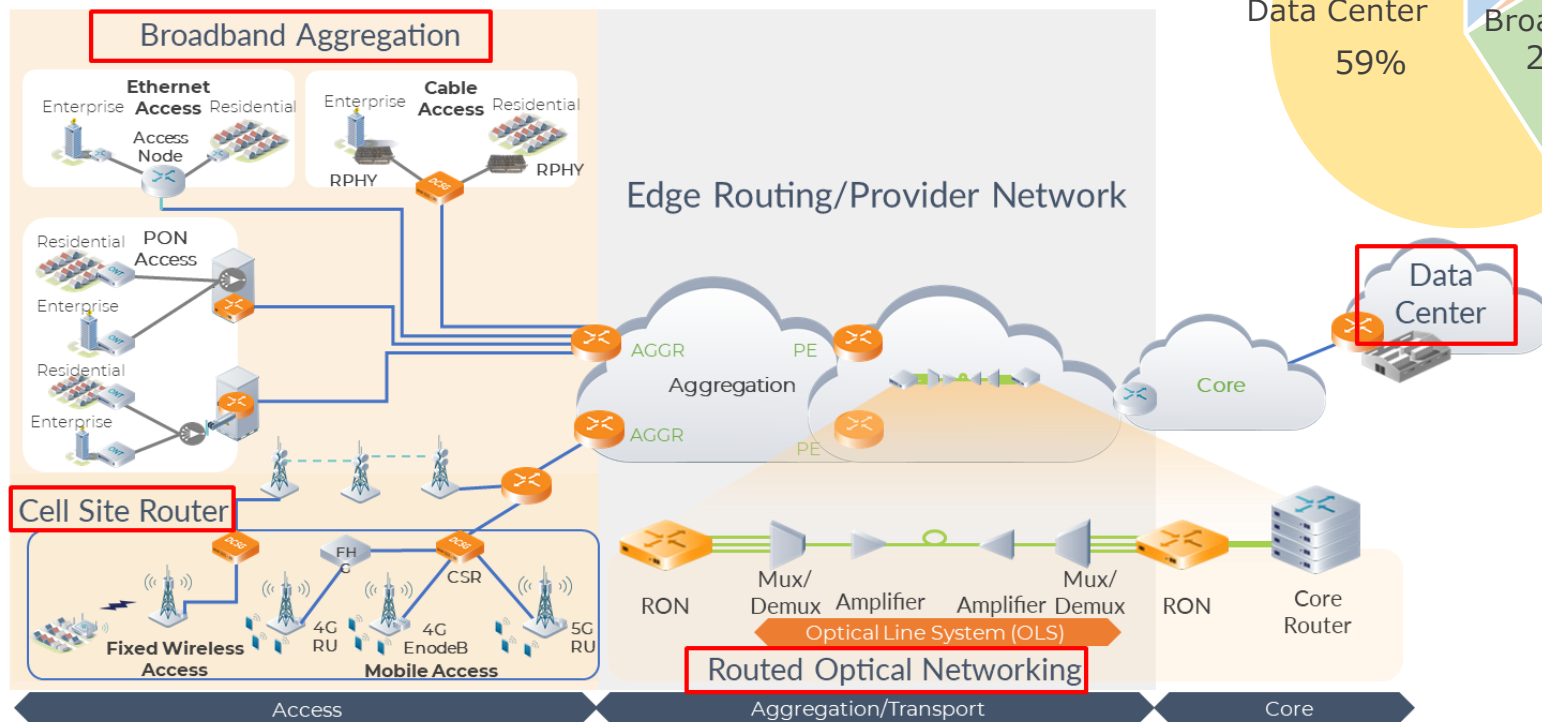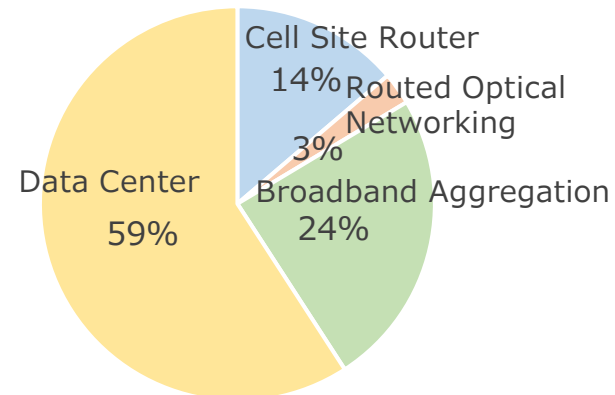
Growth in both the number and amount of orders received accelerated from the previous year

■ Number of orders received

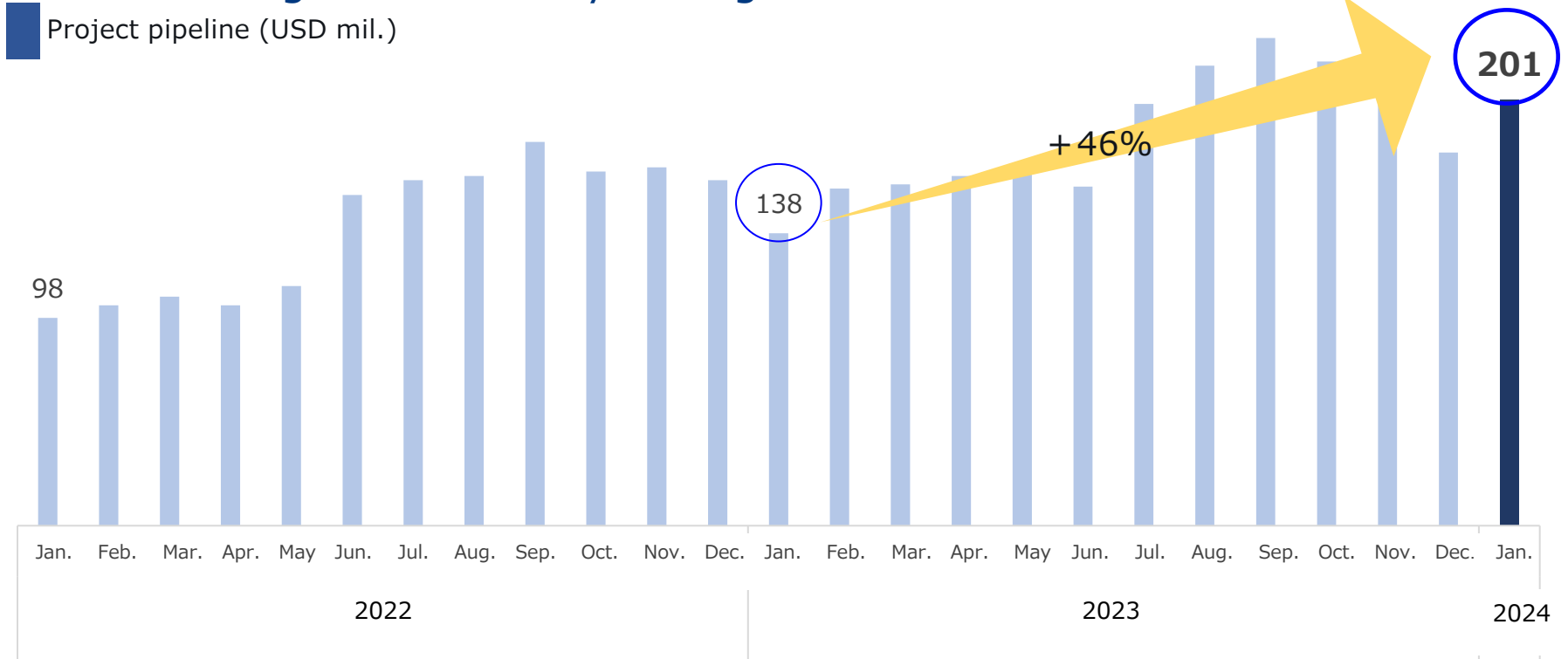Annual number of orders received increased from **428** to **582**

379 — 2021
428 — 2022
582 — 2023
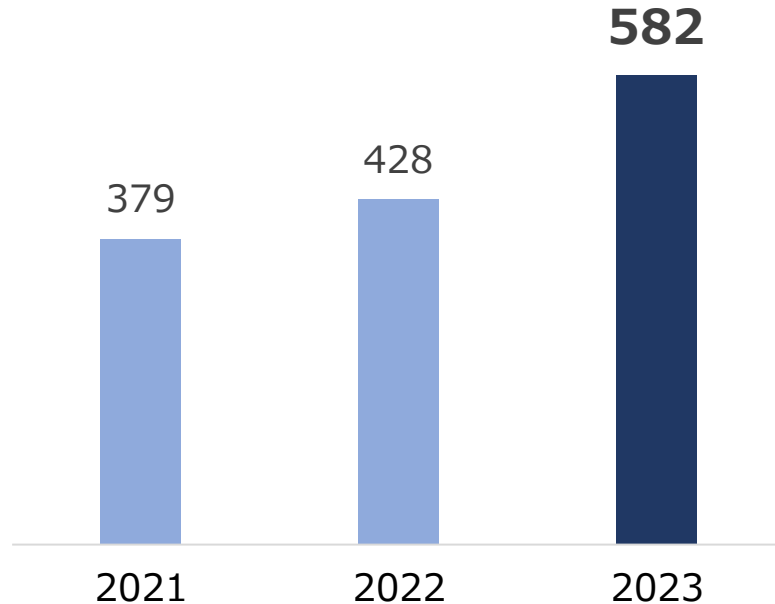
■ Amount of orders received* (USD mil.)
*Including multi-year contracts

Annual amount of orders received increased by **60**% from **46.4** mil to **74.2** mil
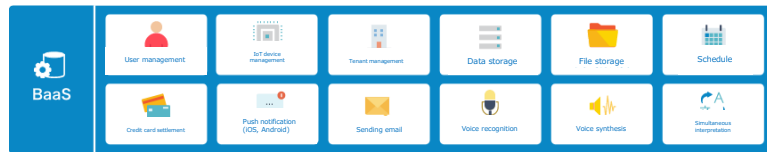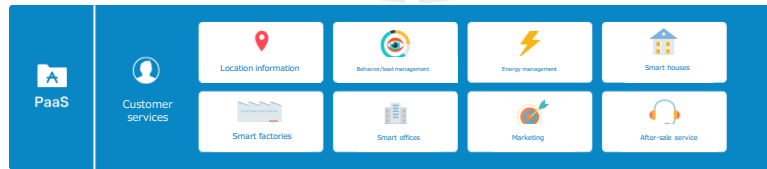

23.9 — 2021
46.4 — 2022
74.2 — 2023
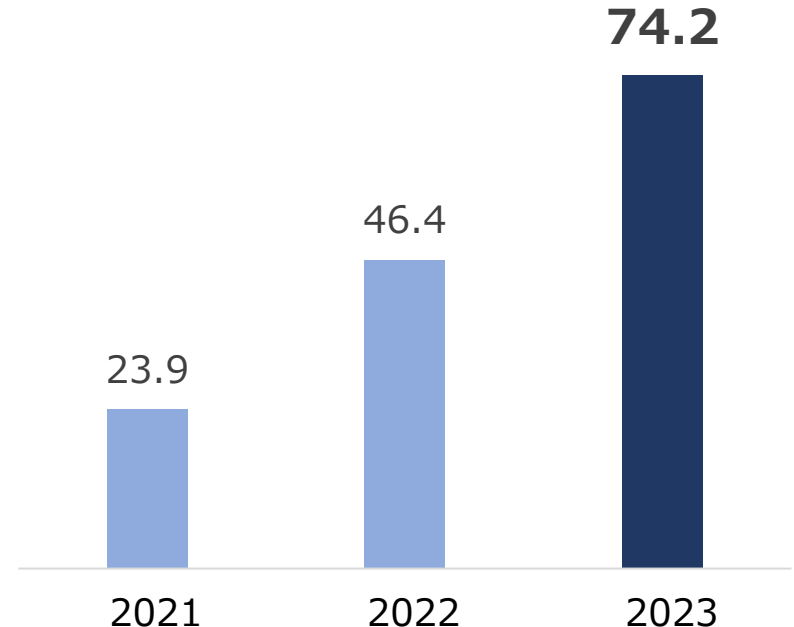
Project Pipeline (Potential Project Amount)

Potential project amount of 201 mil USD as of January 2024 (total of inquiries, etc., for which orders are expected to be received within one year; projects for which orders have not yet placed) **increased 46%** in one year, more than 2 times higher than two years ago
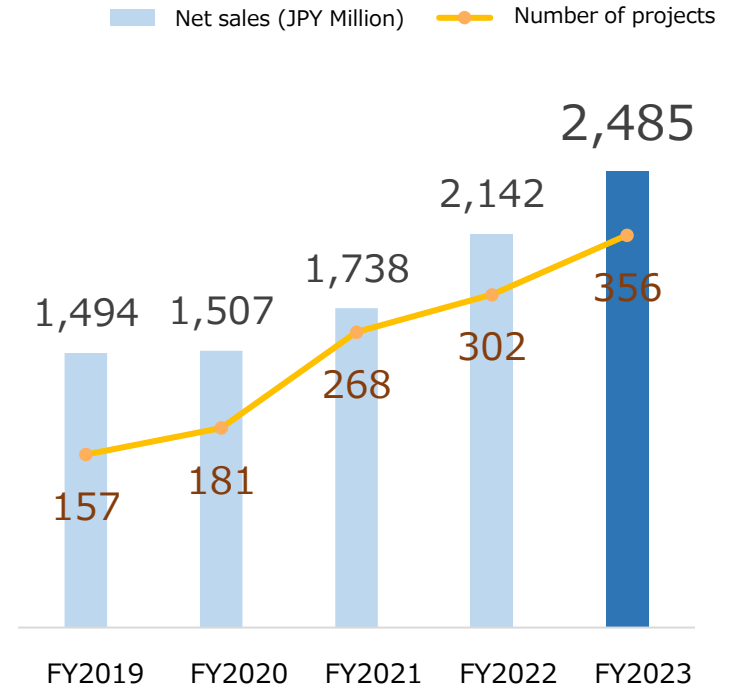
- Project pipeline (USD mil.)

98

138

+46%

201

Jan. Feb. Mar. Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan.

2022

2023

2024

Business expansion centered on high-value added professional services that provide one-stop services for devices, cloud, and apps

Our features and areas of expertise

- Service design
- System development
- Planning and design consulting
- Professional services
- System development engineering
- Data analysis
- Operation/monitoring

PaaS
- Customer services
- Location information
- Behavior/lead management
- Energy management
- Smart houses
- Smart factories
- Smart offices
- Marketing
- After-sale service

BaaS
- User management
- IoT device management
- Tenant management
- Data storage
- File storage
- Schedule
- Credit card settlement
- Push notification (iOS, Android)
- Sending email
- Voice recognition
- Voice synthesis
- Simultaneous interpretation

Trends in IoT professional services results

Net sales (JPY Million)   Number of projects

	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales (JPY Million)	1,494	1,507	1,738	2,142	2,485
Number of projects	157	181	268	302	356

Business expansion from providing browser components to becoming a content distribution platform

Track record of browser provision

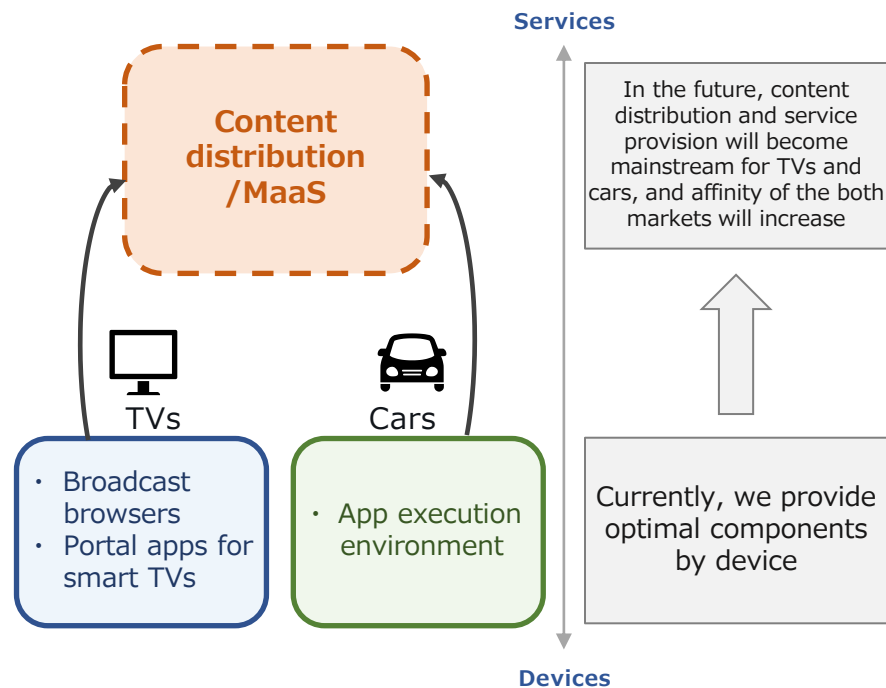**Smart TVs**

Connected cars

Game consoles

Industrial equipment

- About 80% of TVs in Japan are equipped with some kind of ACCESS product
- Track record of doing business with four of the world's top 10 automotive manufacturers in the in-vehicle field

Business outlook

Services

Content distribution /MaaS

TVs

Cars

- Broadcast browsers
- Portal apps for smart TVs

- App execution environment

In the future, content distribution and service provision will become mainstream for TVs and cars, and affinity of the both markets will increase

Currently, we provide optimal components by device

Devices

Maintain sales growth and return to profitability for the first time in five fiscal years

(JPY Million)	FY2023	FY2024	YoY
Net sales	16,573	**18,500**	+1,926 / +11.6%
Operating profit	(105)	**500**	+605 / —
Ordinary profit	(12)	**450**	+462 / —
Profit attributable to owners of parent	(280)	**210**	+490 / —
EBITDA*	3,126	**4,300**	+1,173 / +37.5%

*: EBITDA=Operating profit + Depreciation and Amortization + Amortization of Goodwill

04

Appendix

SDGs/ESG-related Initiatives

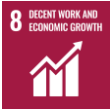**Basic Policy**

Based on our vision statement of being an independent research and development oriented company that continuously innovates globally with technology, intelligence, creativity and audacity, we aim to contribute to social transformation and new value creation by continuing to develop and provide technologies and products that support IoT. Moreover, we have built a globally scaling business model that does not suffer from galapagosization, aiming to improve corporate value.

We will continue to work to realize these goals, incorporate Sustainable Development Goals (SDGs) and ESG into our management, and promote initiatives to realize a sustainable society.

Classification	Main initiatives	Related SDGs/ESG
【Environment】 Through our business activities, we will contribute to the realization of a sustainable society that balances social and economic development with the maintenance and conservation of the global environment by promoting initiatives aimed at resolving various social issues, including environmental load reduction	**Initiatives to reduce greenhouse gas emissions and conserve energy** · Disclose climate-related information based on TCFD recommendations (in preparation) · Reduce the environmental load of offices · Comply with environment-related laws and regulations and provide education **Initiatives through business** · Contribute to the move towards no paper with viewer technology · Develop energy management solutions · Promote the introduction of white box solutions to data centers and develop low-power switches and routers, etc.	7 AFFORDABLE AND CLEAN ENERGY / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 13 CLIMATE ACTION
【Social】 We will formulate a basic policy for human resource management and a basic policy for intellectual property in order to realize our corporate philosophy	**Initiatives related to human capital** · Respect for human rights · Promote diversity · Develop human resource and create comfortable working environments · Implement initiatives for health and safety **Initiatives related to intellectual property** · Build a system for managing and promoting intellectual property · Respect for the intellectual property of other companies · Provide continuous education on intellectual property	3 GOOD HEALTH AND WELL-BEING / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
【Governance】 We will implement measures to strengthen and enhance governance in order to improve corporate value	· Build a system to strengthen corporate governance · Implement periodical evaluations of the effectiveness of the Board of Directors · Establish a decision process for executive remuneration that ensures fairness and transparency · Enhance internal control through the implementation of company-wide risk identification and monitoring by the Compliance and Risk Management Committee · Establish various reporting desks	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Disclaimer

- Forward-looking statements contained in this document, including performance targets, are based on information available to the ACCESS group at the time of the publication of this document.

- Forward-looking statements are subject to uncertainties that could cause actual results or outcome to differ materially from those statements. Accordingly, it is not advised to make investments and other decisions based solely on the content of this document.

- ACCESS, the ACCESS logo, NetFront, and CROS are trademarks or registered trademarks of ACCESS CO., LTD. in Japan, the United States and other countries.
- ACCESS Twine is a trademark or registered trademark of ACCESS Europe GmbH in the European Union and other countries.
- IP Infusion, the IP Infusion logo, ZebOS, and OcNOS are trademarks or registered trademarks of IP Infusion Inc. in the U.S. and other countries.
- All other trademarks, trade names and logos mentioned in this document are the property of their respective owners.