Fiscal 2019 Financial Results Presentation
Fiscal Year Ended January 31, 2020
(36th Fiscal Year)

ACCESS CO., LTD.

March,2020

ACCESS CO., LTD.

Notes on Forward-Looking Statements

- Forward-looking statements mentioned 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.

- As it is currently difficult to predict the impact of the COVID-19 virus spread on our business results, it has not been factored into the financial forecasts for the fiscal 2020 （the fiscal year ending January 2021）. We will carefully evaluate the impact on our business and promptly disclose revised forecasts if any revisions become necessary.

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1. Highlights of FY2019
Fiscal Year Ended January 2020
(36th Fiscal Year)

Highlights of FY2019 (1)

- Net sales increased year-on-year
- EBITDA* also increased significantly year-on-year

(JPY Million)

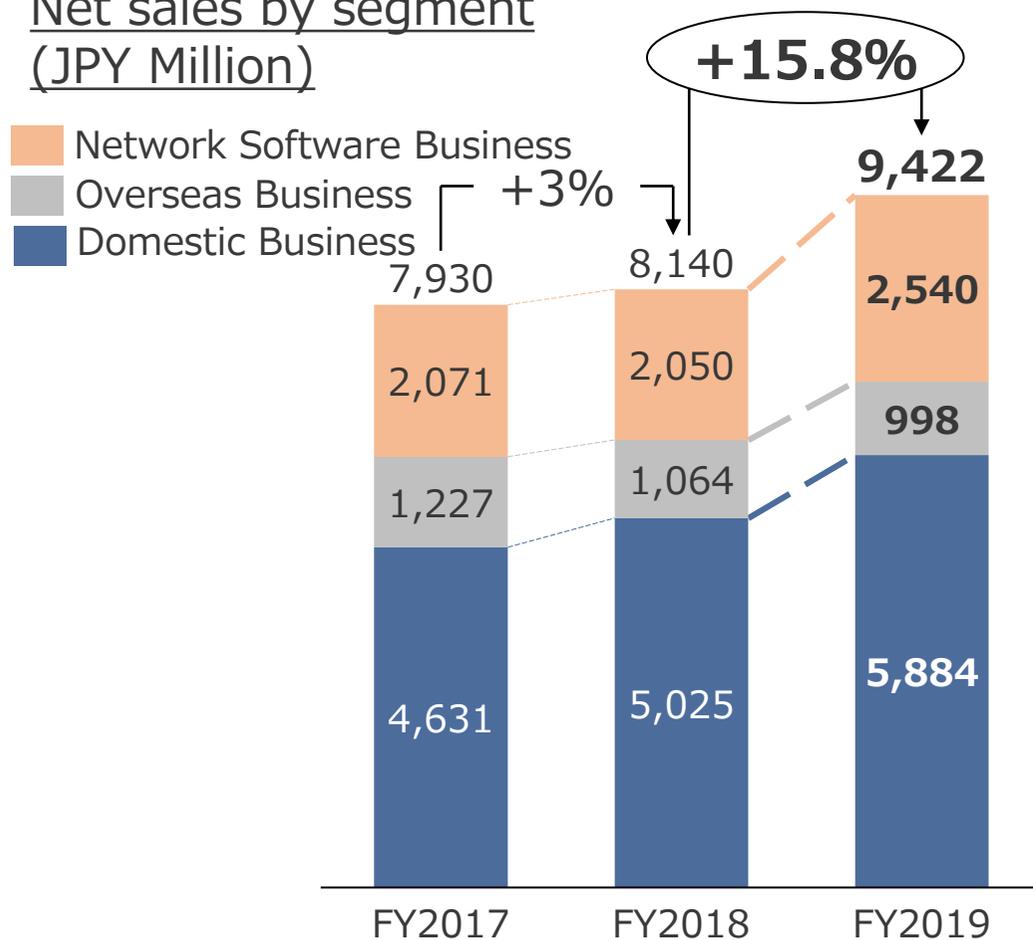|	FY2019	YoY
Net sales	9,422	+15.8%
Operating profit	387	-27.4%
EBITDA*	1,861	+32.4%
Profit attributable to owners of parent	493	+30.6%

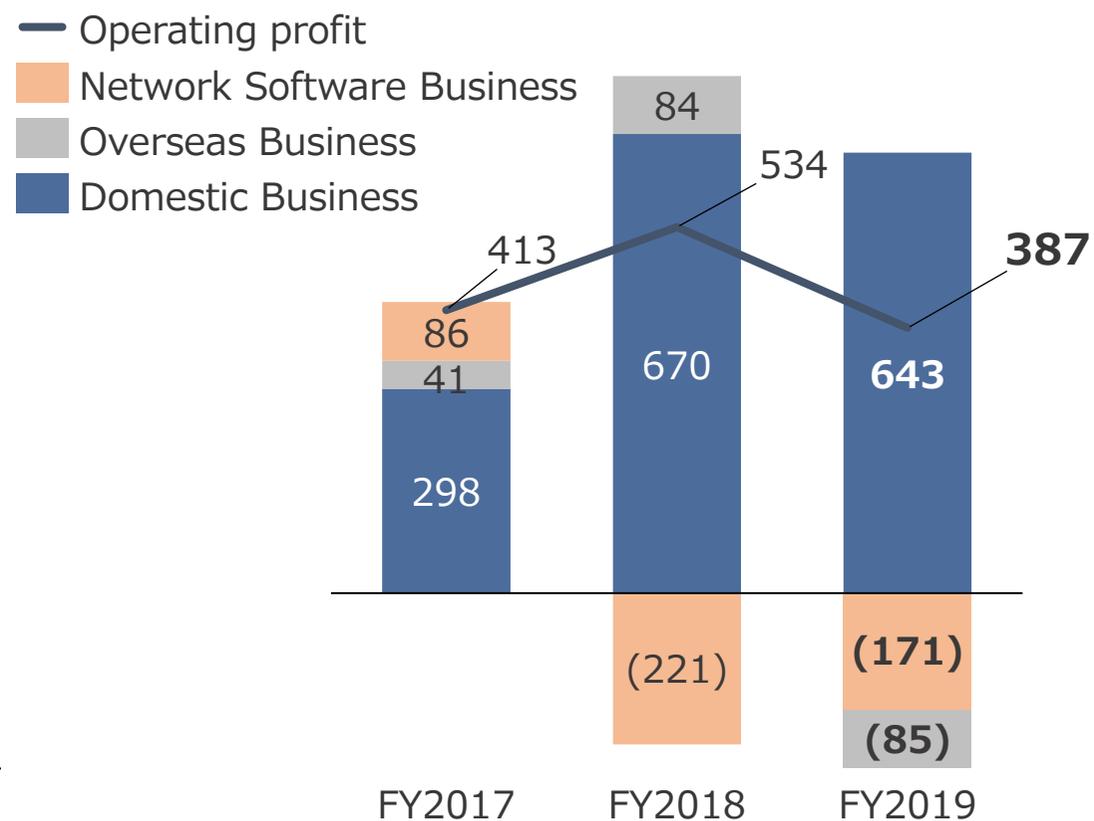* EBITDA=Operating profit + Depreciation and Amortization

Highlights of FY2019 (2)

- Achieved a higher net sales growth rate than the previous fiscal year
- Net sales growth in the Domestic Business and the Network Software Business segments contributed to the growth
- Operating profit was lower than FY2018 due to upfront investment for growth

Net sales by segment (JPY Million)

Legend:
- Network Software Business
- Overseas Business
- Domestic Business

+15.8%

+3%

Segment	FY2017	FY2018	FY2019
Total	7,930	8,140	**9,422**
Network Software Business	2,071	2,050	**2,540**
Overseas Business	1,227	1,064	**998**
Domestic Business	4,631	5,025	**5,884**

Operating profit・Segment profit (JPY Million)

Legend:
- Operating profit
- Network Software Business
- Overseas Business
- Domestic Business

Segment	FY2017	FY2018	FY2019
Operating profit	413	534	**387**
Domestic Business	298	670	**643**
Overseas Business	41	84	**(85)**
Network Software Business	86	(221)	**(171)**

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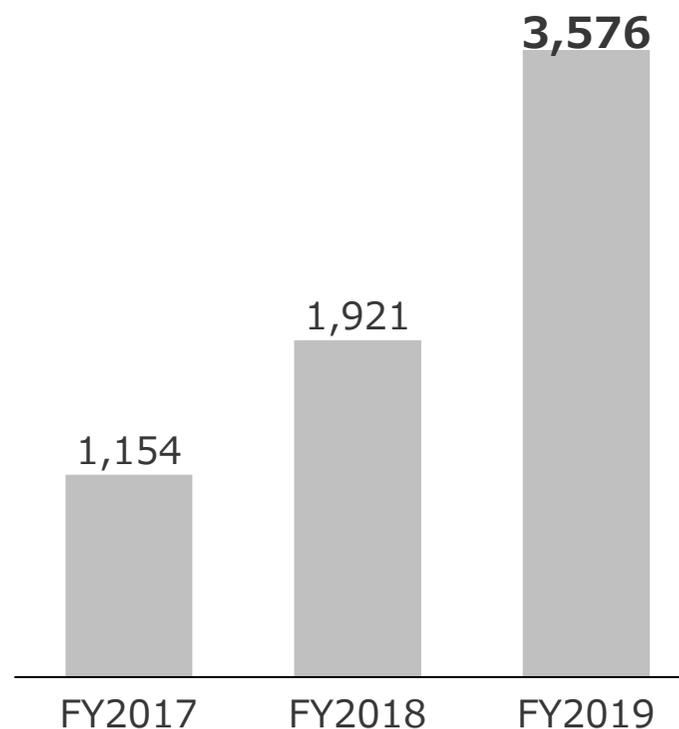
Highlights of FY2019 (3)

- EBITDA increased continuously
- Continued to invest in product development in growth fields, with the aim of transforming our business structure to focus on recurring revenues

Consolidated EBITDA
(JPY Million)

+32.4%

FY2017	FY2018	FY2019
1,027	1,406	1,861
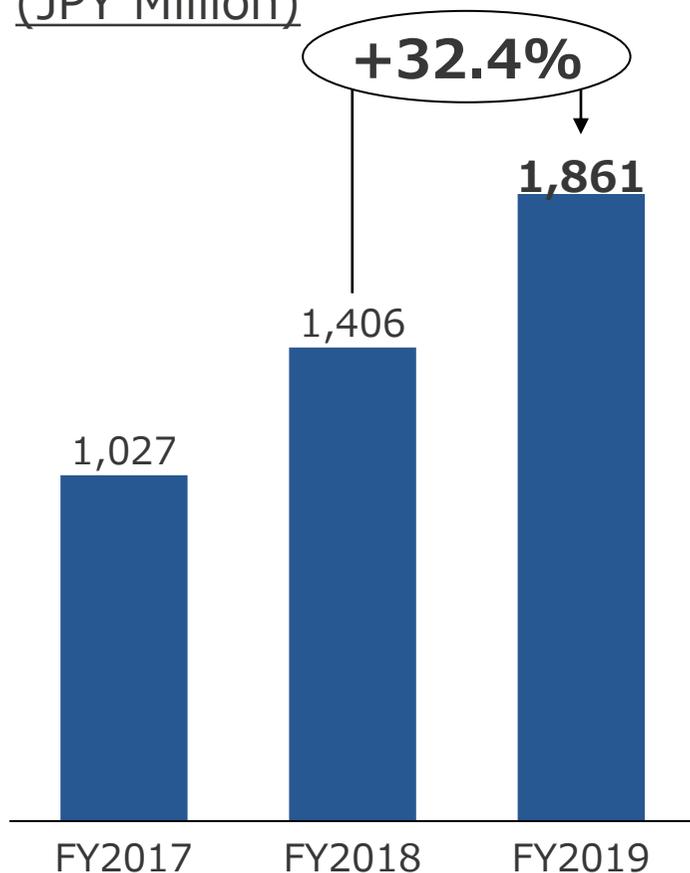
Acquired software assets
(JPY Million)

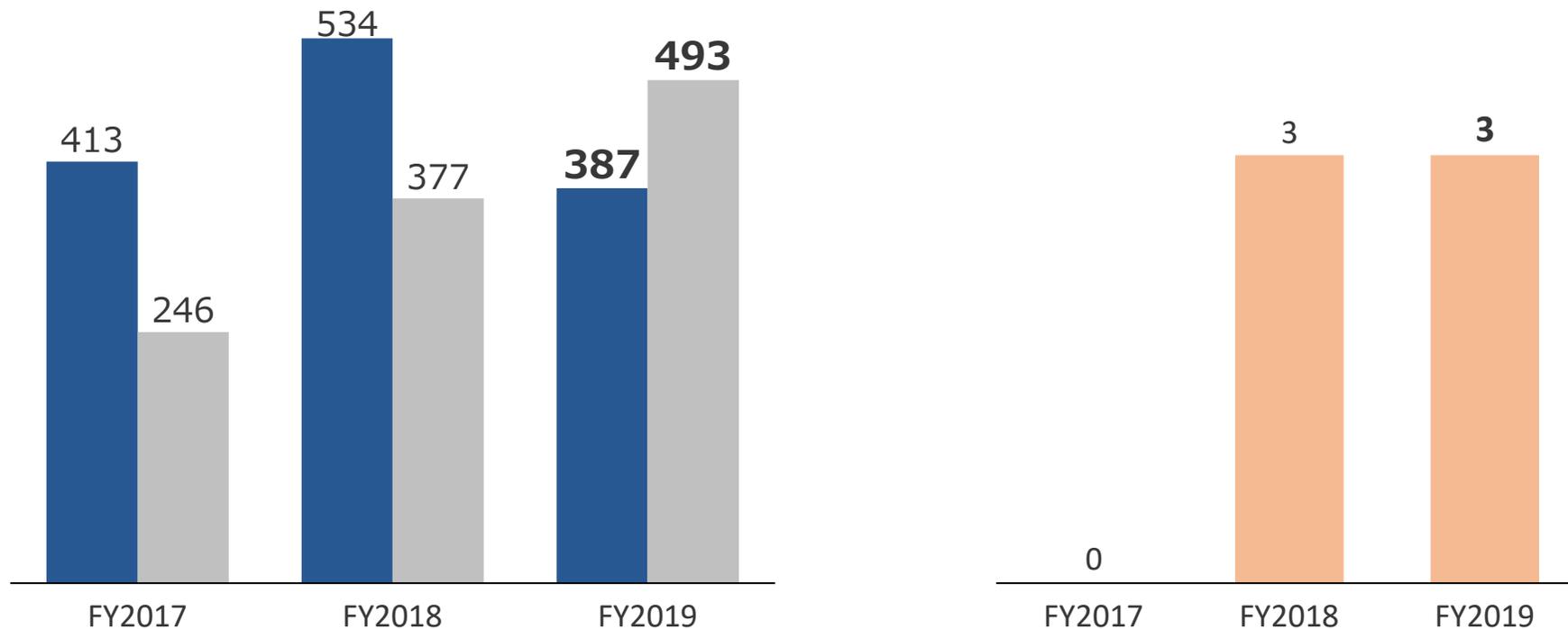| FY2017	FY2018	FY2019
1,154	1,921	3,576

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Highlights of FY2019 (4)

- Dividend per share : 3yen
  - ✓ Consolidated dividend payout ratio: 23.6%
- Continue to distribute stable profits to shareholders

■ Operating profit (JPY Million)

■ Profit attributable
  to owners of parent (JPY Million)

■ Dividend per share (JPY)

2. Highlights of Segment Results of FY2019
   Fiscal Year Ended January 2020
   (36th Fiscal Year)

Highlights of Segment Results of FY2019 (1)

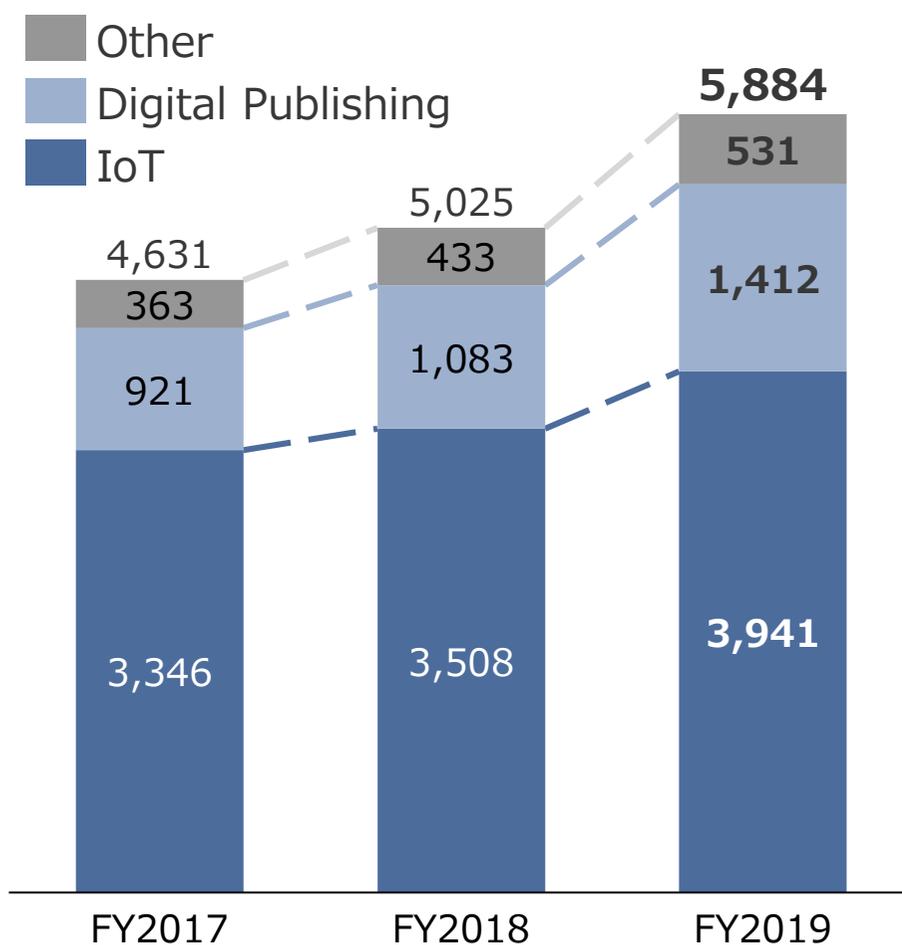- IoT, Digital Publishing, Web Platform, and Network are main businesses

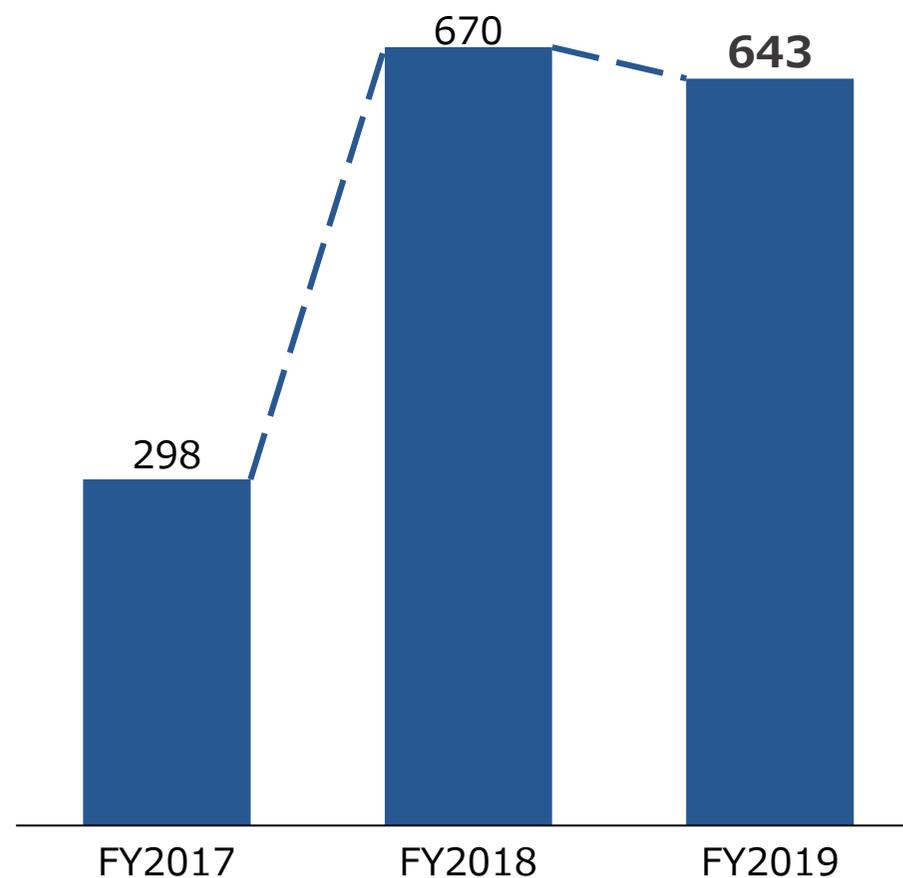| Segment	Product	Description	Business
Domestic Business Segment	**IoT Solution** WAVE+ — insurance service, office factory	Developing E2E/one-stop IoT services for enterprises utilizing beacon solution (location), IoT gateway & cloud platform	**IoT Business**
	Digital Publishing Platform JP+ PUBLUS	Integrated E2E Solution. Initial focus on White-label full support services for comics and magazines	**Digital Publishing Business**
	Embedded Browser NetFront	Browser/MMI for electronic devices, including TV, STB, Games, IVI, etc. Deployed over 1.5 billion devices	**Web Platform Business**
Overseas Business Segment	**Embedded Browser** NetFront	TV as a browser application, browser and / or MMI/Media service engine for Automotives	
	Multimedia Content Delivery Platform ACCESS TWINE	Content Service and Software Solution for Connected Car Infotainment and Smart TV	
Network Software Business Segment	**Network Platform** ZebOS	Standards-based Layer 2, Layer 3, and MPLS/MPLS/TP network platform 300+ customers worldwide	**Network Business**
	Network OS for White Box OcNOS DANOS-Vyatta edition	Industry's first full-featured Carrier-grade Network OS that enables "disaggregation"	

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Highlights of Segment Results of FY2019 (2) (Domestic Business)

- Both IoT and Digital Publishing businesses net sales increased year-on-year
- Profits decreased year-on-year, due to increased costs for strengthening our business base and investments in development

Net sales (JPY Million)

- Other
- Digital Publishing
- IoT

	FY2017	FY2018	FY2019
Total	4,631	5,025	5,884
Other	363	433	531
Digital Publishing	921	1,083	1,412
IoT	3,346	3,508	3,941

Segment profit (JPY Million)

FY2017	FY2018	FY2019
298	670	643

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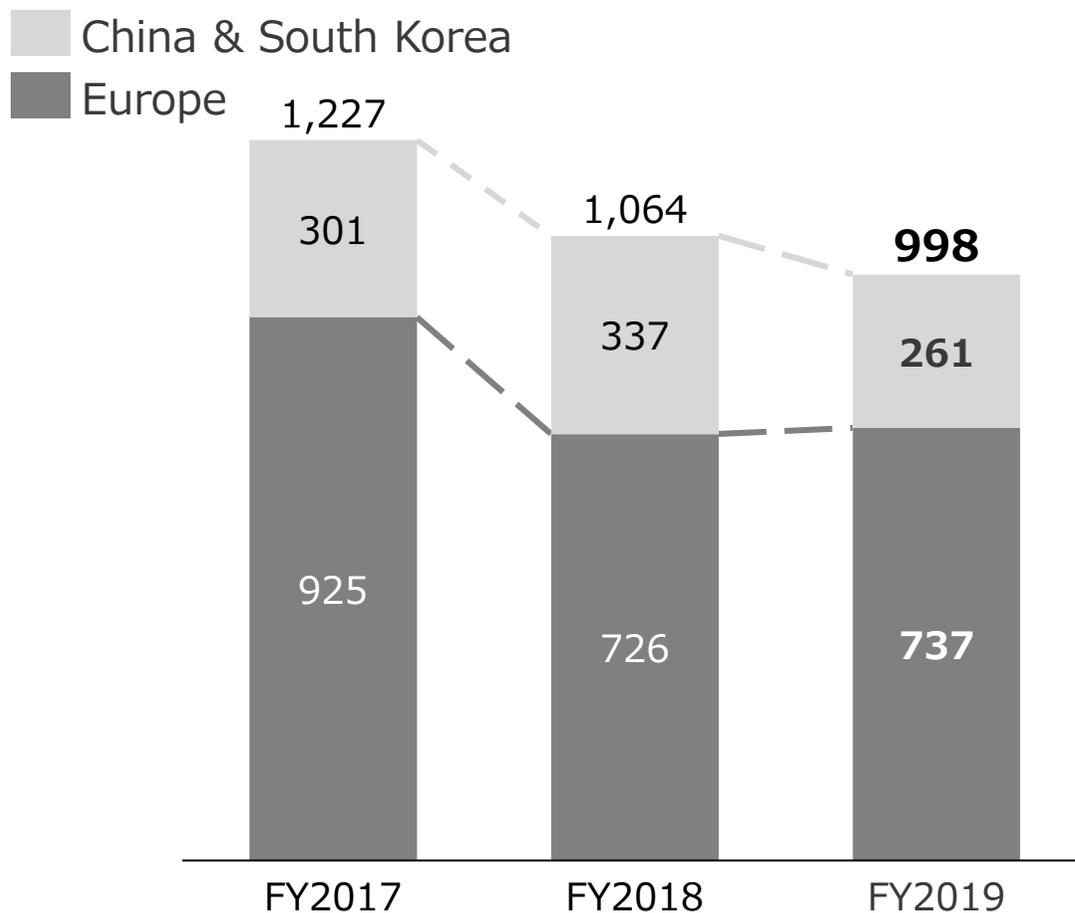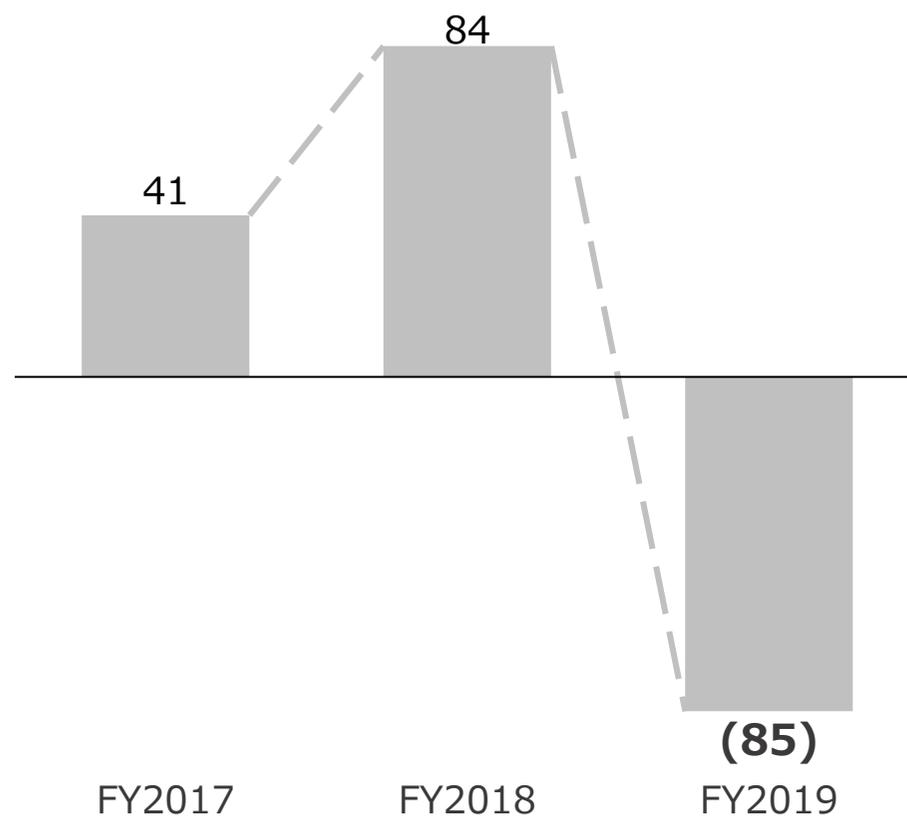
Highlights of Segment Results of FY2019 (3) (Overseas Business)

- NetRange, a company acquired during FY2019, has performed strongly
- Net sales and profits decreased year-on-year, mainly due to a delay in the business progress of Multimedia Content Delivery Platform for automotive applications

Net sales (JPY Million)

China & South Korea
Europe

	FY2017	FY2018	FY2019
Total	1,227	1,064	998
China & South Korea	301	337	261
Europe	925	726	737

Segment profit (JPY Million)

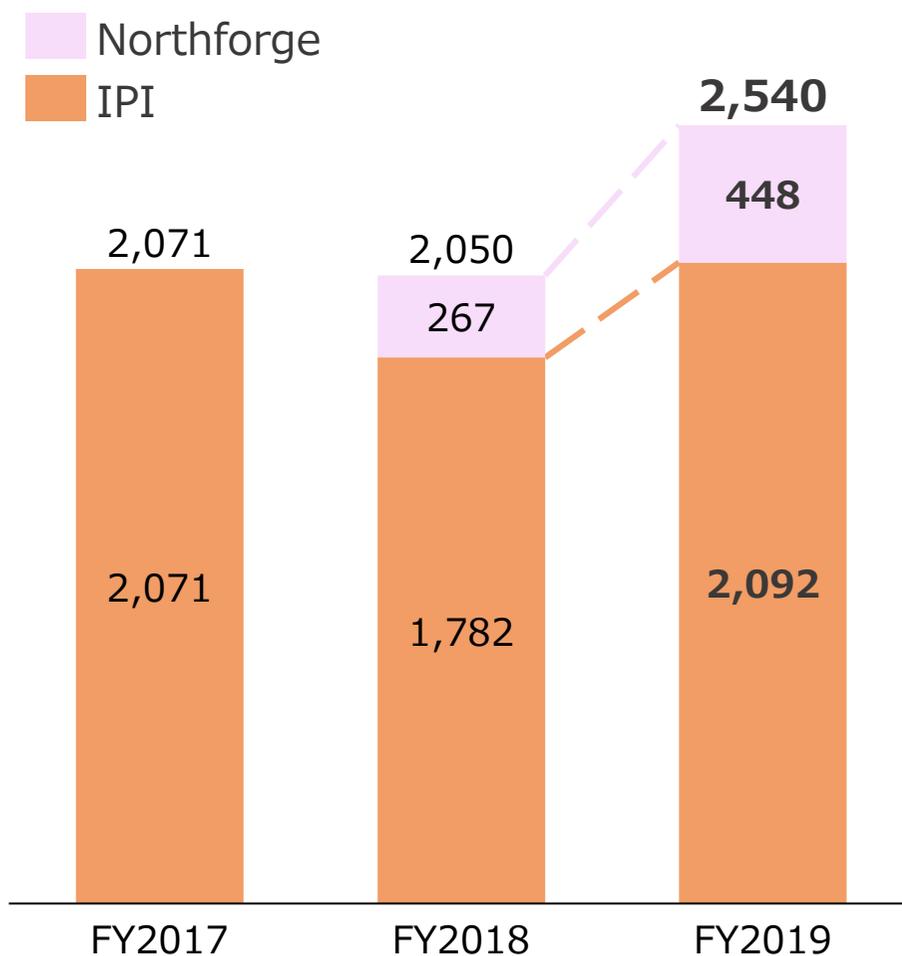| FY2017	FY2018	FY2019
41	84	(85)

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Highlights of Segment Results of FY2019 (4) (Network Software Business)

- OcNOS sales increased at IP Infusion（IPI）
- Net sales and profits increased year-on-year, partly due to the full-year contribution of the effect from the acquisition of Northforge

Net sales (JPY Million)

Northforge
IPI

	FY2017	FY2018	FY2019
Total	2,071	2,050	**2,540**
Northforge		267	**448**
IPI	2,071	1,782	**2,092**

Segment profit (JPY Million)

FY2017	FY2018	FY2019
86	(221)	**(171)**

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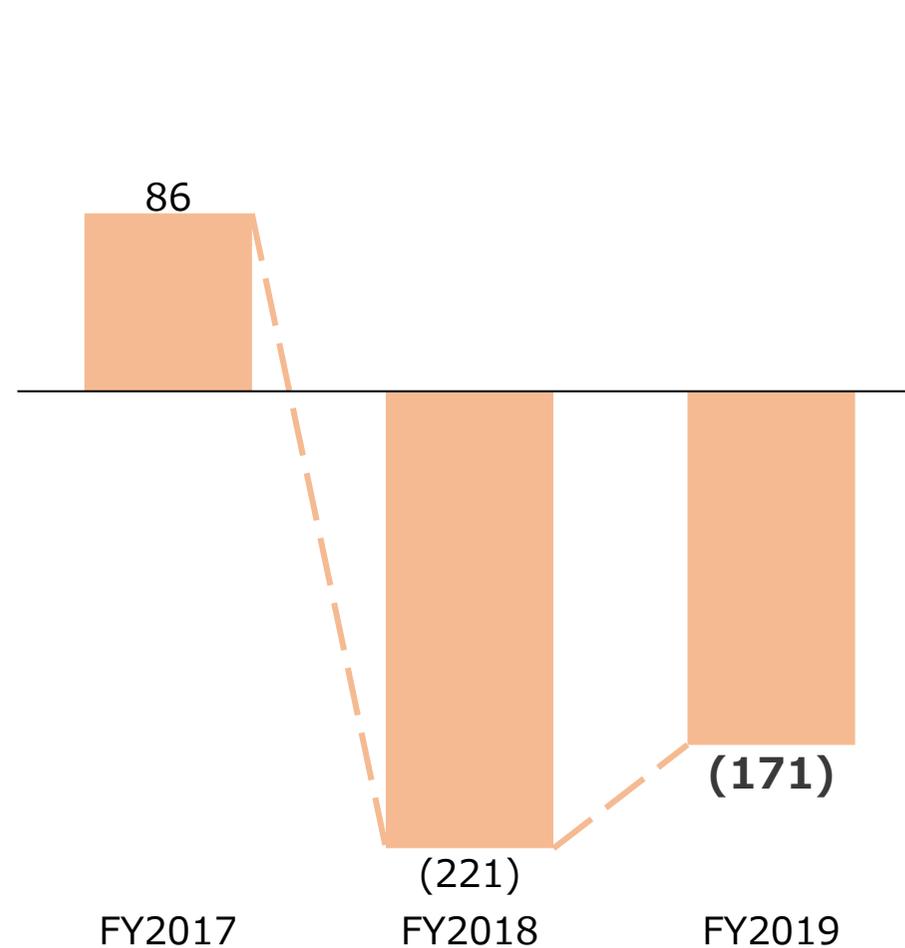
3.   Financial Forecasts for FY2020
Fiscal Year Ending January 2021
(37th Fiscal Year)

Financial Forecast for FY2020 (1)

- FY2020 will be a year of net sales expansion,
  leading to a growth in profit after FY2021
  - ✓ Continue to invest in growth fields, especially in the Network Business
  - ✓ Continue to develop in-house products that can be scaled globally

Outline of the Plan

Domestic Business	• IoT Business:Foster existing services and create recurring earnings services • Web Platform Business:Maintain a large share in the TV market and expand its share in automotive applications market • Digital Publishing Business:Expand its market share and service ranges
Overseas Business	• Continue activities for market penetration of Multimedia Cotent Delivery Platform for automotive applications • Improve profitability by utilizing NetRange's business
Network* Business	• Utilize our business ties with AT&T Inc. subsidiaries to generate sales of OcNOS / Vyatta to telecom carriers and service providers

*The Network Software Business segment will change its name to the Network Business segment in FY2020.
  (There will be no changes to the details of the business.)

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Financial Forecast for FY2020 (2)

- Expect growth in both net sales and operating profit

(JPY Million)

	FY2019 Result	FY2020 Forecast	Increase (Decrease)	Change (%)
Net sales	9,422	13,000	+3,577	+38.0%
Operating profit	387	580	+192	+49.5%
Ordinary profit	430	530	+99	+23.1%
Profit attributable to owners of parent	493	360	-133	-27.0%
Basic earnings per share (JPY)	12.72	9.28	-3.43	-27.0%
Annual dividends per share (JPY)	3.00	3.00	-	-

Financial Forecast for FY2020 (3)

- Expect significant growth in Network Business net sales.
- Profits at the Domestic Business will decline due to continued increases in costs for growth investment

(JPY Million)

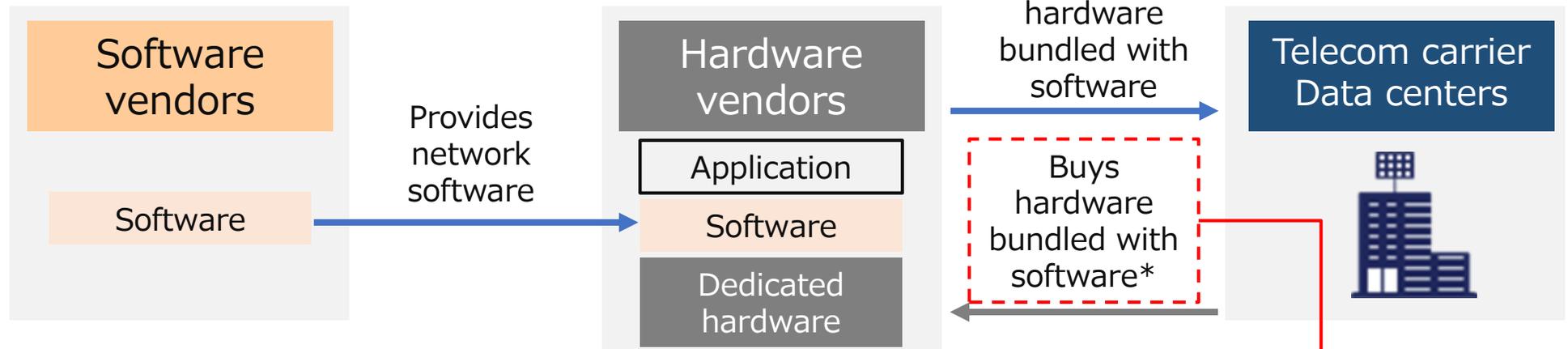|		FY2019 Result	FY2020 Forecast	Increase (Decrease)	Change(%)
Domestic Business	Net sales	5,884	6,765	+880	+15.0%
	Segment profit	643	390	-253	-39.4%
Overseas Business	Net sales	998	1,535	+536	+53.7%
	Segment profit	(85)	190	+275	-
Network Business	Net sales	2,540	4,700	+2,159	+85.0%
	Segment profit	(171)	0	+171	-

4.   Strategic Initiatives
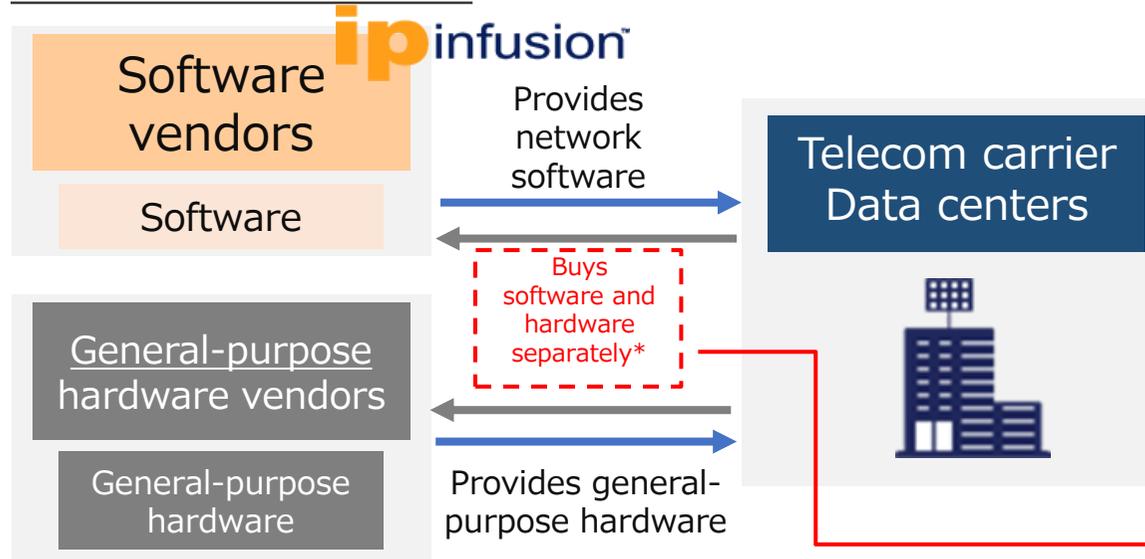
Strategic Initiatives
Network Business (1)

- With the development of 5G and the increase in communication traffic, there will be a transition to White Box solutions*, which are more affordable and flexible for development, among the network devices.

Conventional solutions

Software vendors → Software → **Provides network software** → Hardware vendors (Application / Software / Dedicated hardware) → **Provides hardware bundled with software** → Telecom carrier Data centers

Buys hardware bundled with software*

White Box solutions

Software vendors → Software → **Provides network software** → Telecom carrier Data centers

Buys software and hardware separately*

General-purpose hardware vendors → General-purpose hardware → **Provides general-purpose hardware** → Telecom carrier Data centers

*Difference in procurement price between conventional and White Box solutions

Conventional solution: Bundle procurement from hardware vendors at a vendor-specified price results in high price.

White Box solution: No vendor lock-ins allow free selection of suppliers and reduction of procurement costs.
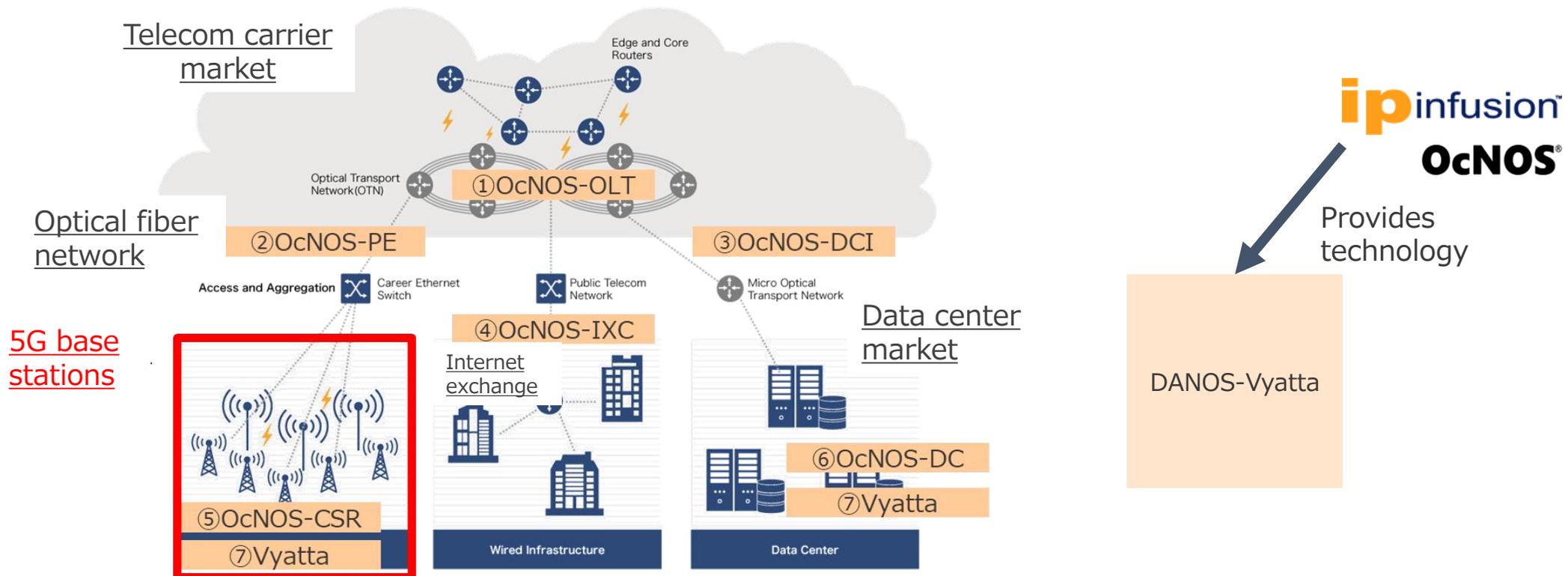
Strategic Initiatives
Network Business (2)

- Based on 5G market trends, ACCESS will focus on products for telecom carriers, including base stations
- Will launch products that meet a wide range of telecom carriers demands
  - In addition to our original product, OcNOS, we can sell DANOS-Vyatta, the industry's first NOS designed to address the needs of the carrier environment, as an exclusive distributor through collaboration with AT&T*

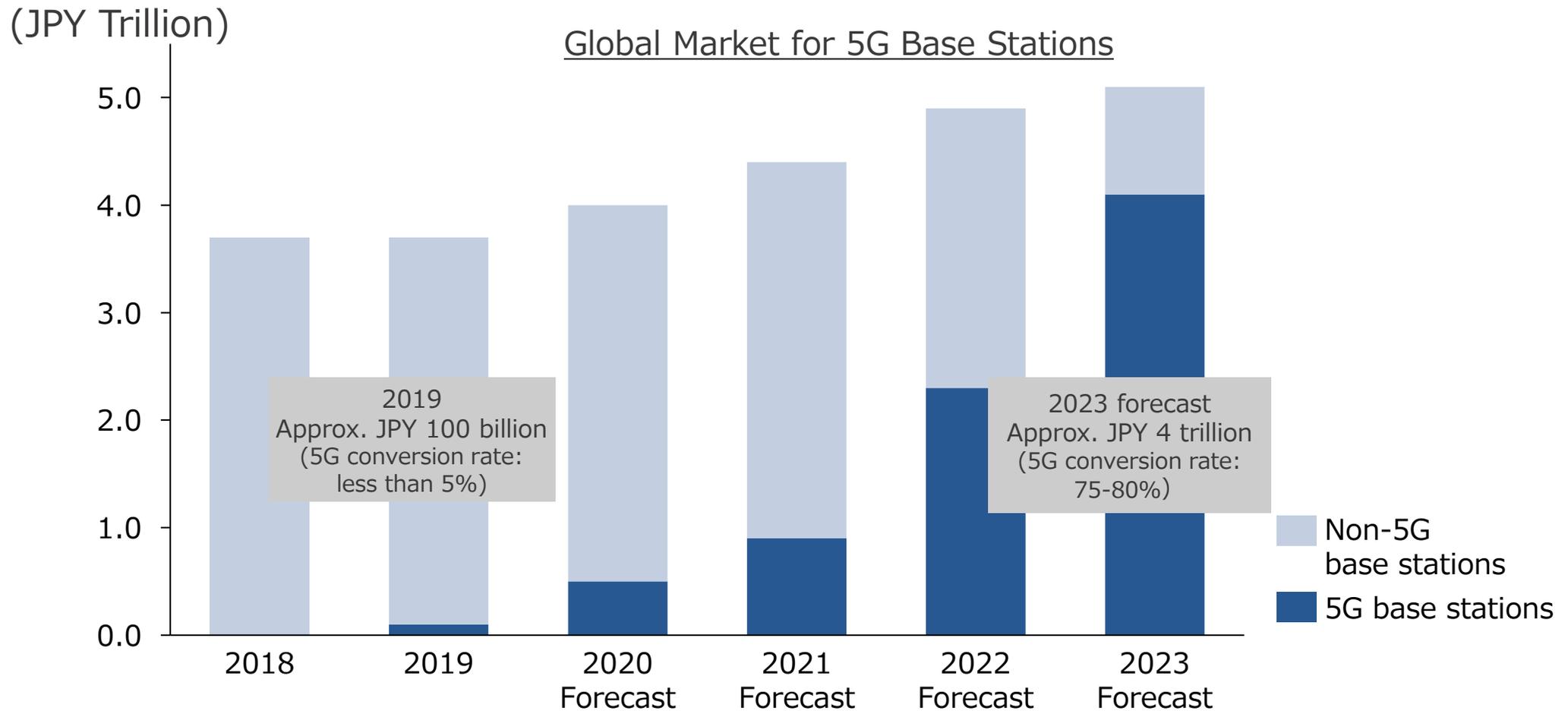(OcNOS target market chart)　　　　　　　(Image of technology provision)

*Business partnership with AT&T Intellectual property, LLC and AT&T Services, Inc., subsidiaries of AT&T Inc.

Strategic Initiatives
Network Business (3)

- Aim to increase market share in the 5G base station market through White Box solutions

(JPY Trillion)

Global Market for 5G Base Stations

2019
Approx. JPY 100 billion
(5G conversion rate:
less than 5%)

2023 forecast
Approx. JPY 4 trillion
(5G conversion rate:
75-80%)

Non-5G
base stations

5G base stations

2018　2019　2020 Forecast　2021 Forecast　2022 Forecast　2023 Forecast

*Source: a research by ACCESS

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Reference: Progress of Network Business Roadmap

|	FY2018	FY2019	FY2020	FY2021
Initial Plan	Cultivation of earlier case (LINX) and investments in development	Securing early adopter telecom carriers Adoption in data centers	Commercial adoption by major telecom carriers	Full-scale rollout by multiple major telecom carriers

Case Study

LINX

Telecom carrier (SKY Brasil)

For data centers
Customer: SAKURA internet

ACCESS™
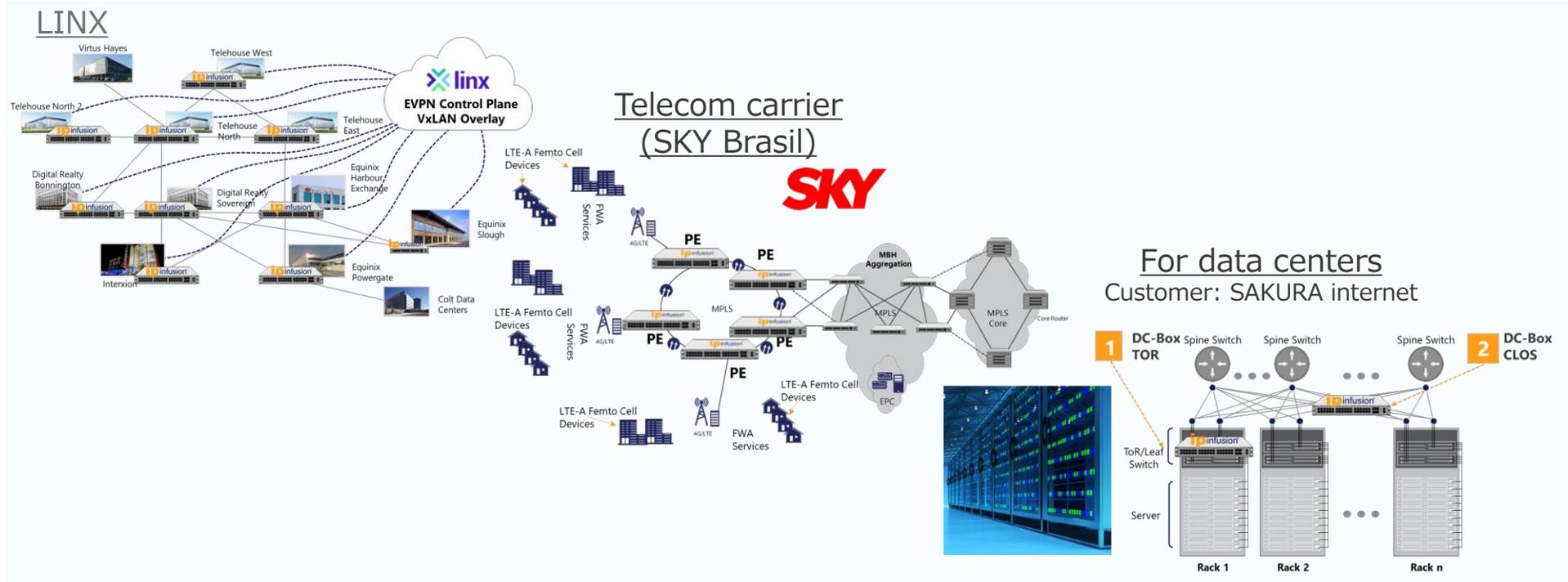
Strategic Initiatives
Web Platform Business

- Expand the business globally and create new services, mainly for broadcasting and automotive applications
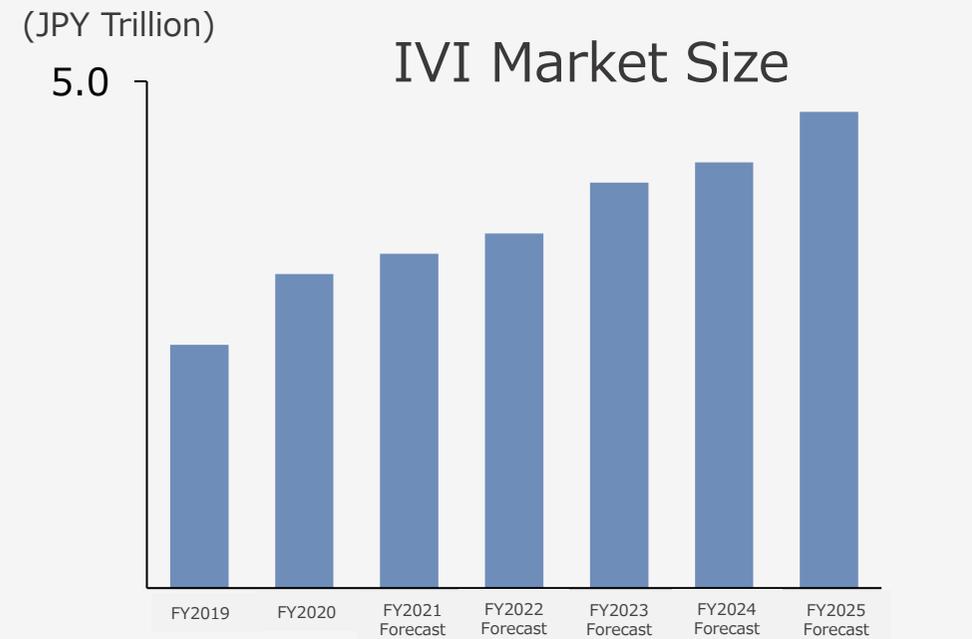
Automotive applications

➤ Resolve the complexity of In-Vehicle Infotainment (IVI) development with browser technology, and increase our presence in the car screen market

Joint demonstration with BYTON at CES

Realize IVI, which projects ViacomCBS content using the ACCESS Twine for car solution on BYTON Stage, the world's largest automotive display

(JPY Trillion)

IVI Market Size

5.0

FY2019　FY2020　FY2021 Forecast　FY2022 Forecast　FY2023 Forecast　FY2024 Forecast　FY2025 Forecast

*Source: a research by ACCESS

Broadcasting

➤ New service business leveraging browser's market share

Strategic Initiatives
IoT Business

- Increase revenue opportunities by covering the entire IoT business value chain
- Create new profitable services using existing services

Business model of the IoT business

➢ One-stop service, from upstream to downstream

Value chain of the IoT business

| Surveys & planning | Require-ment definitions | Develop-ment | System operation | Service operation | Analysis |

These processes are covered by:
- IoT business creation support
- IoT technology consulting
- Non-recurring Engineering

Launched the Data Science Service in FY2019 to provide the four services below:
- IoT device packaged services
- Data analysis and optimization services
- PoC and commercial system development services
- Data science consulting services

Collaboration with our services and products

IoT device packaged service

Attendance management and organizational behavior analysis

Data analysis and optimization services

CROS

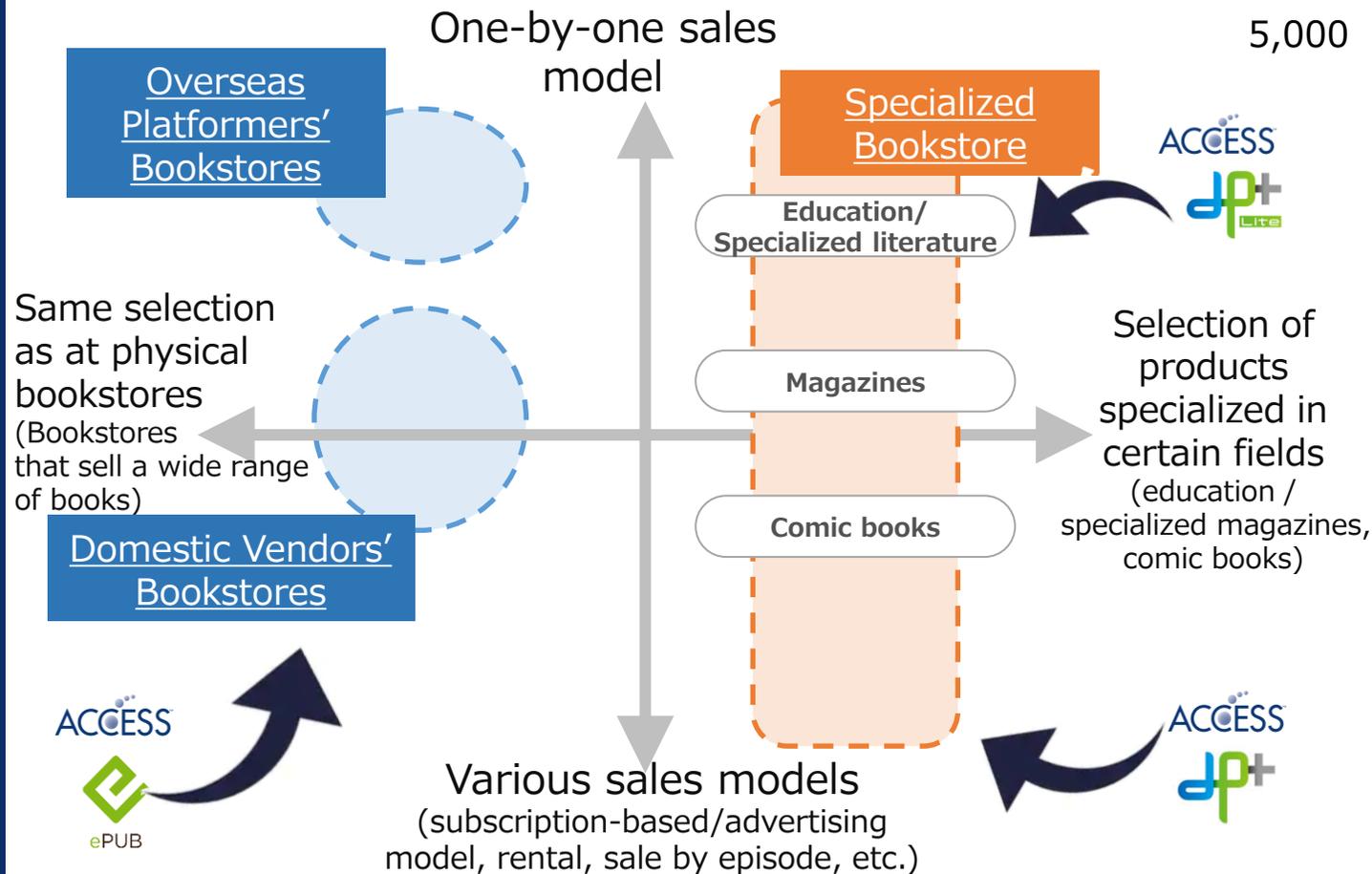ACCESS's online store support solution

dp+

ACCESS's digital publishing solution
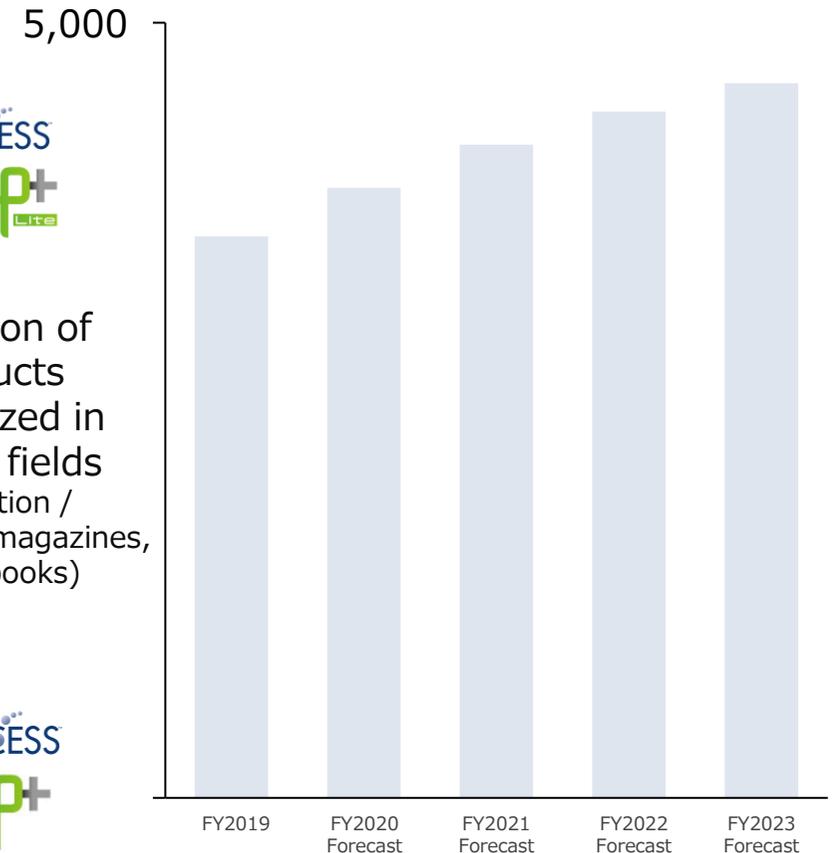
Strategic Initiatives
Digital Publishing Business

- Steadily capture growth trends in the market by making growth investments in existing products and developing new services that utilize existing services and products

ACCESS Product Map

One-by-one sales model

Overseas Platformers' Bookstores

Specialized Bookstore

ACCESS dP+ Lite

Education/ Specialized literature

Same selection as at physical bookstores
(Bookstores that sell a wide range of books)

Magazines

Selection of products specialized in certain fields
(education / specialized magazines, comic books)

Domestic Vendors' Bookstores

Comic books

ACCESS ePUB

ACCESS dP+

Various sales models
(subscription-based/advertising model, rental, sale by episode, etc.)

Digital Publishing Market Size
(Unit: JPY 100 Million)

5,000

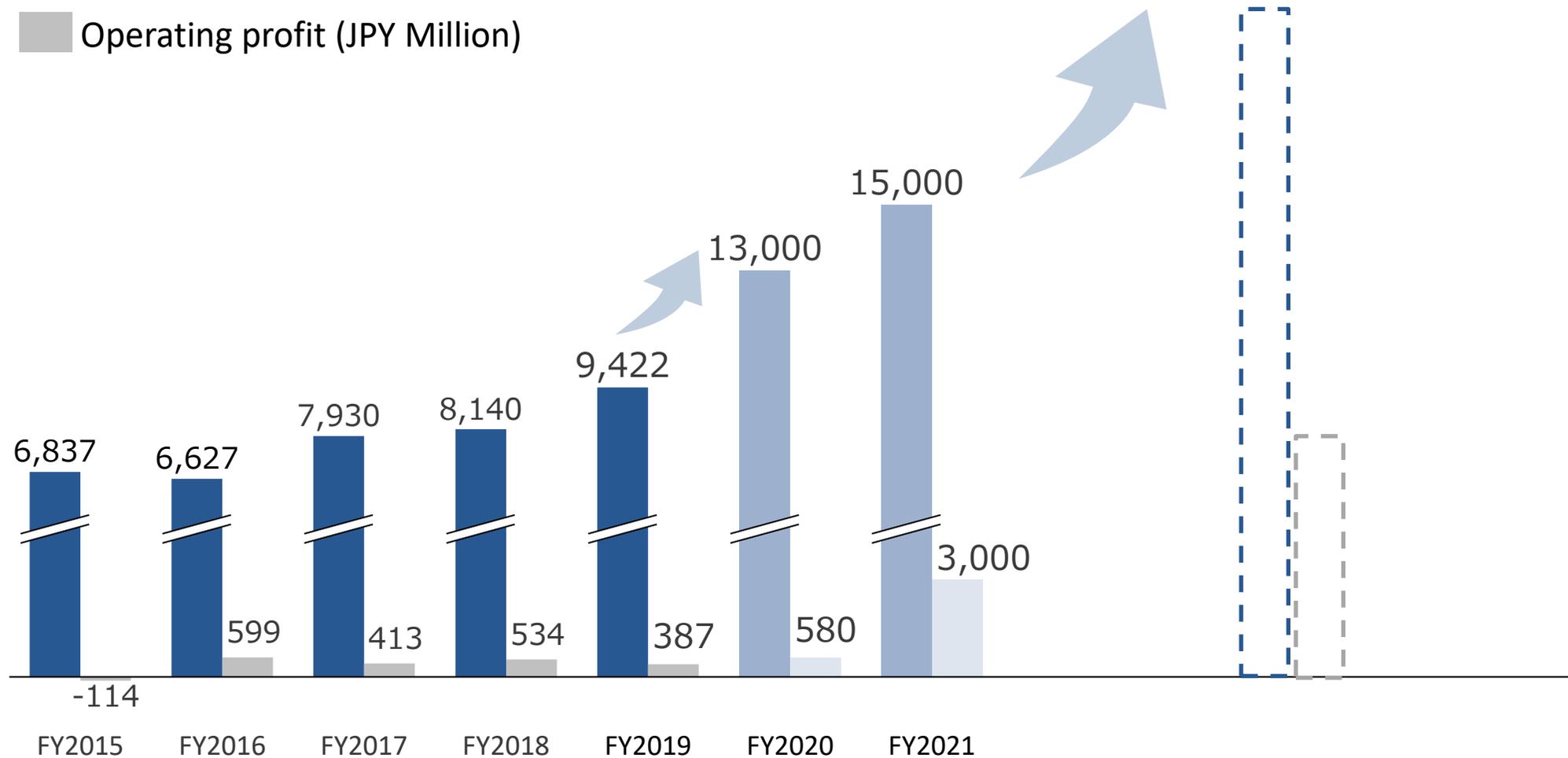| FY2019 | FY2020 Forecast | FY2021 Forecast | FY2022 Forecast | FY2023 Forecast |

*Source: a research by ACCESS

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Strategic Initiatives

- Sustainable growth through business growth and continued growth investment in our focus fields

Legend:
- Net sales (JPY Million) — dark blue
- Operating profit (JPY Million) — gray

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	6,837	6,627	7,930	8,140	9,422	13,000	15,000
Operating profit	-114	599	413	534	387	580	3,000

Results: FY2015–FY2019

Future: FY2020–FY2021

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