

Fiscal 2020 1H Financial Results Presentation

Six Months Ended July 31, 2020

(37th Fiscal Year)

ACCESS CO., LTD.
September 2020



ACCESS CO., LTD.

© 2020 ACCESS CO., LTD. All rights reserved.

Notes on Forward-Looking Statements

- Forward-looking statements contained in this document 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, PUBLUS, 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, logos and trade names mentioned in this document are the property of their respective owners.

Contents

- 1. Highlights of FY2020 1H
Six Months Ended July 31, 2020 (37th Fiscal Year)**
- 2. Highlights of Segment Results of FY2020 1H
Six Months Ended July 31, 2020 (37th Fiscal Year)**

1. Highlights of FY2020 1H
Six Months Ended July 31, 2020
(37th Fiscal Year)

Highlights of FY2020 1H (1)

- Net sales and profits decreased year-on-year due to delays in business activities caused by stagnating economic activity worldwide

| | | (JPY Million) |
|---|-----------|---------------------|
| | FY2020 1H | YoY |
| Net sales | 3,107 | -13.3% |
| Operating profit | (1,788) | - (YoY: -697**) |
| EBITDA* | (539) | - (YoY: -98**) |
| Profit attributable to owners of parent | (1,735) | - (YoY: -692**) |

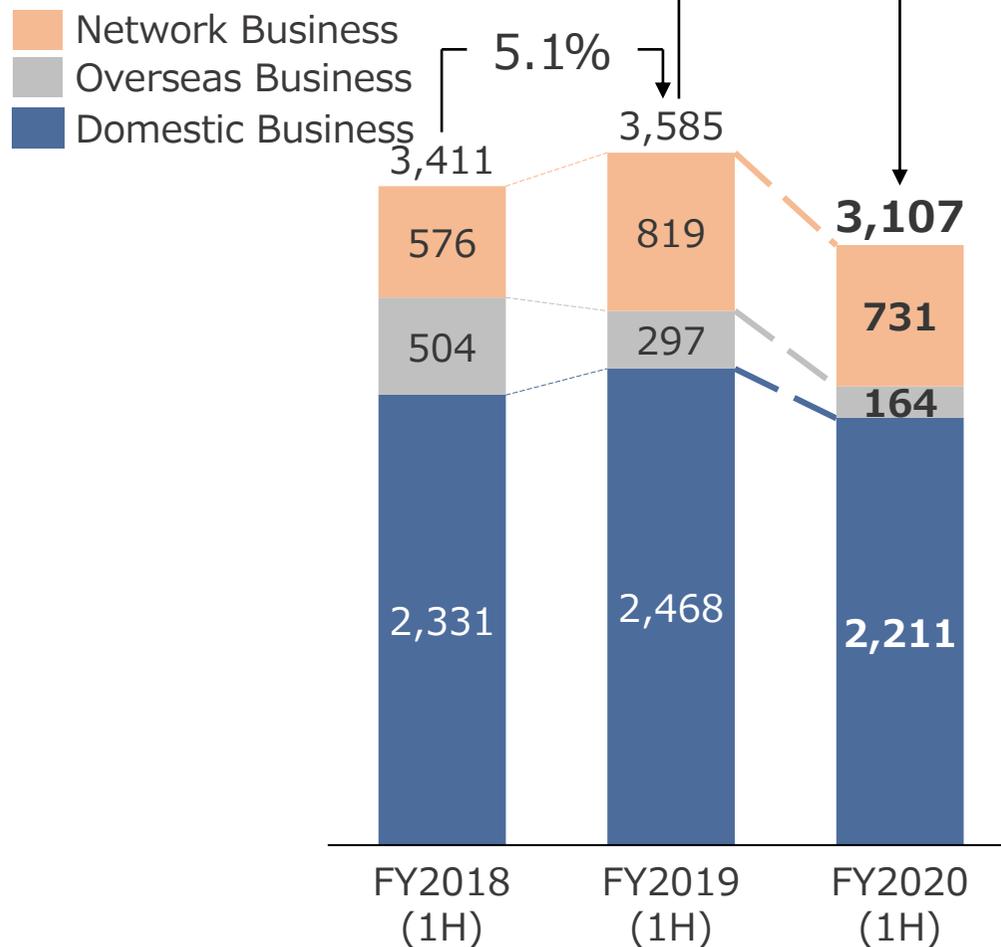
* EBITDA=Operating profit + Depreciation and Amortization

** The finalization of provisional accounting treatment associated with the acquisition of NetRange in FY2019 has been reflected.

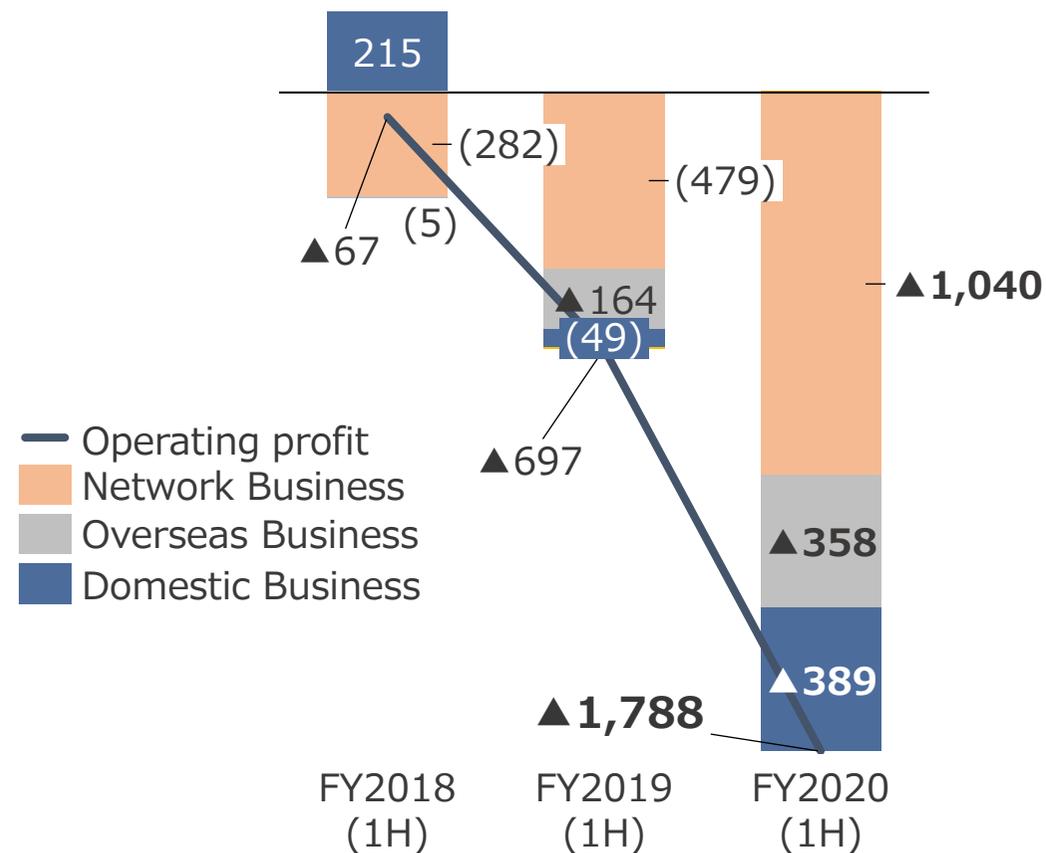
Highlights of FY2020 1H (2)

- Cost reduction measures have been implemented to address declining net sales, but those efforts have been met with limited success due to a cost structure that largely consists of depreciation (caused by growth investment), personnel expenses and other fixed expenditures

Net sales by segment
(JPY Million)



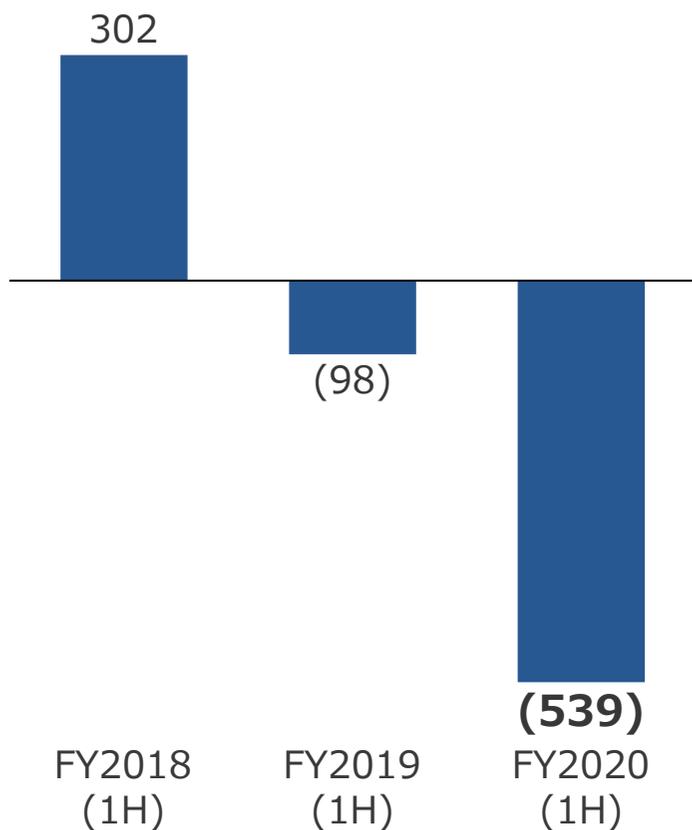
Operating profit • Segment profit
(JPY Million)



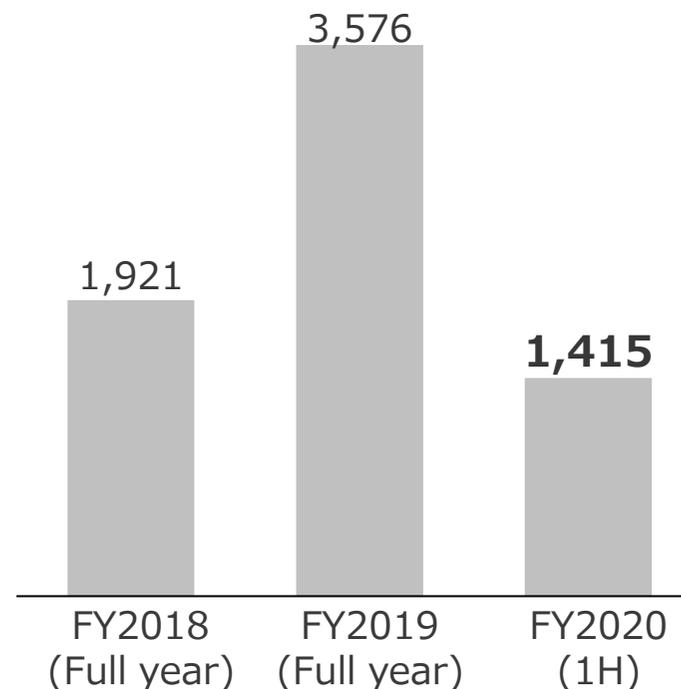
Highlights of FY2020 1H (3)

- EBITDA decreased year-on-year due to deterioration of operating profit
- Continued to invest in product development growth fields, particularly in the Network Business

Consolidated EBITDA
(JPY Million)



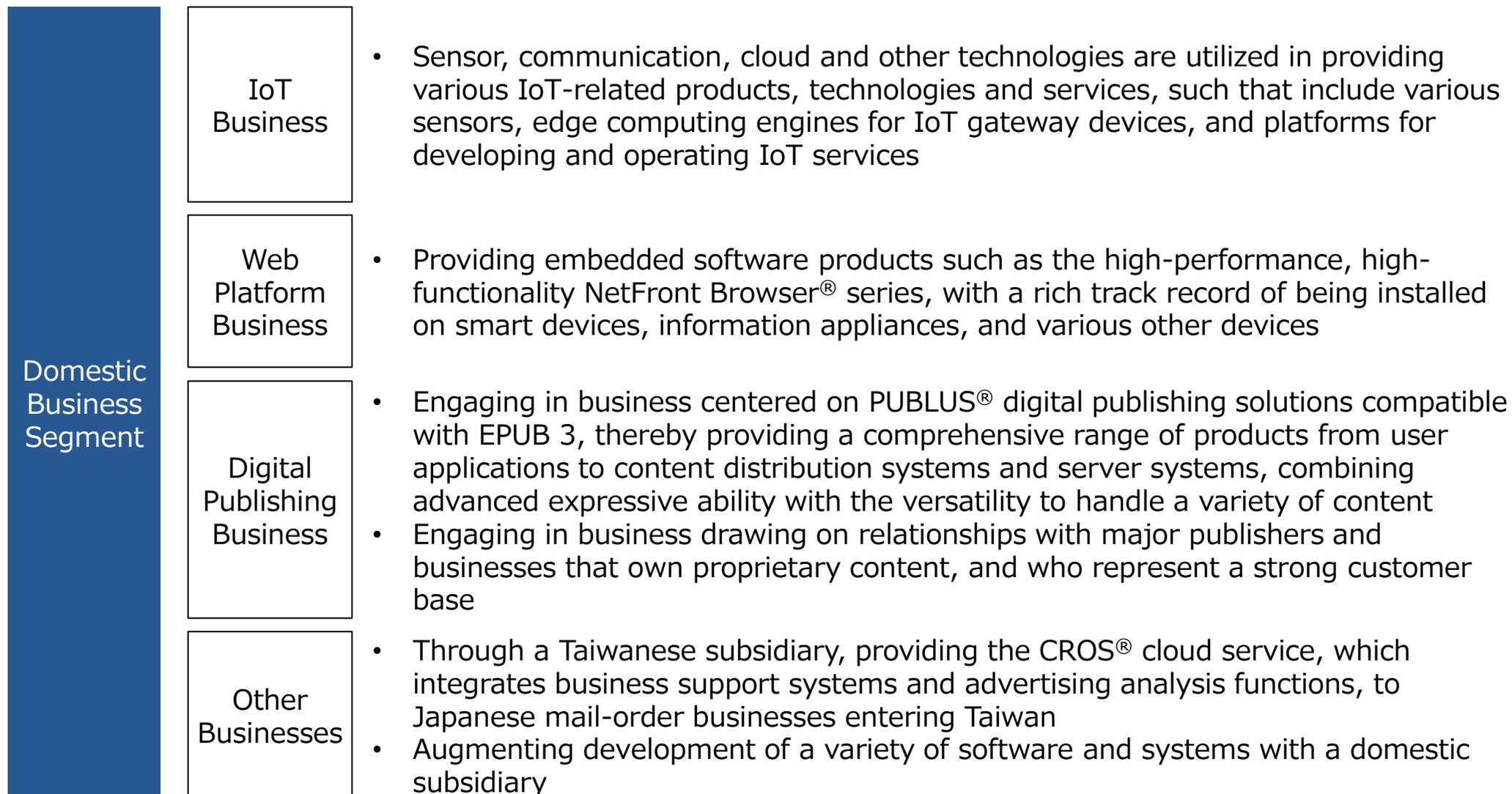
Acquired software assets
(JPY Million)



2. Highlights of Segment Results of FY2020 1H
Six Months Ended July 31, 2020
(37th Fiscal Year)

Highlights of Segment Results of FY2020 1H (1)-1 (Business Overview)

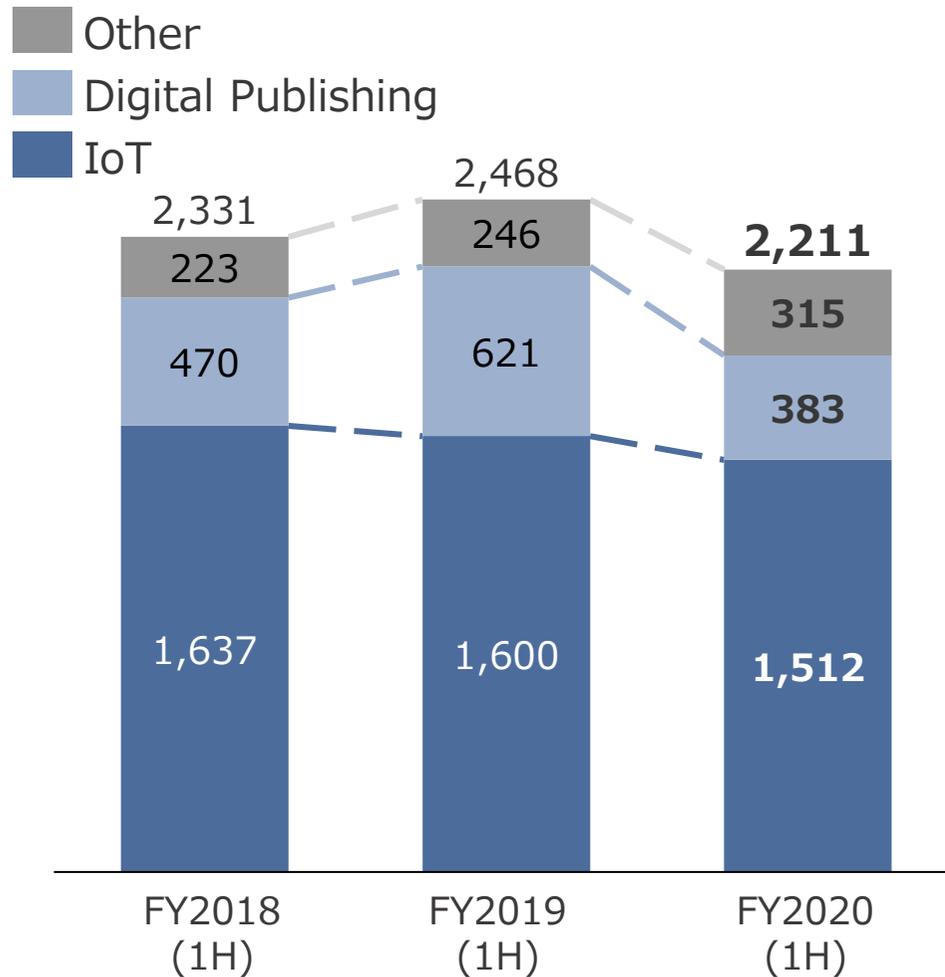
- A business overview of the Domestic Business segment is as below:



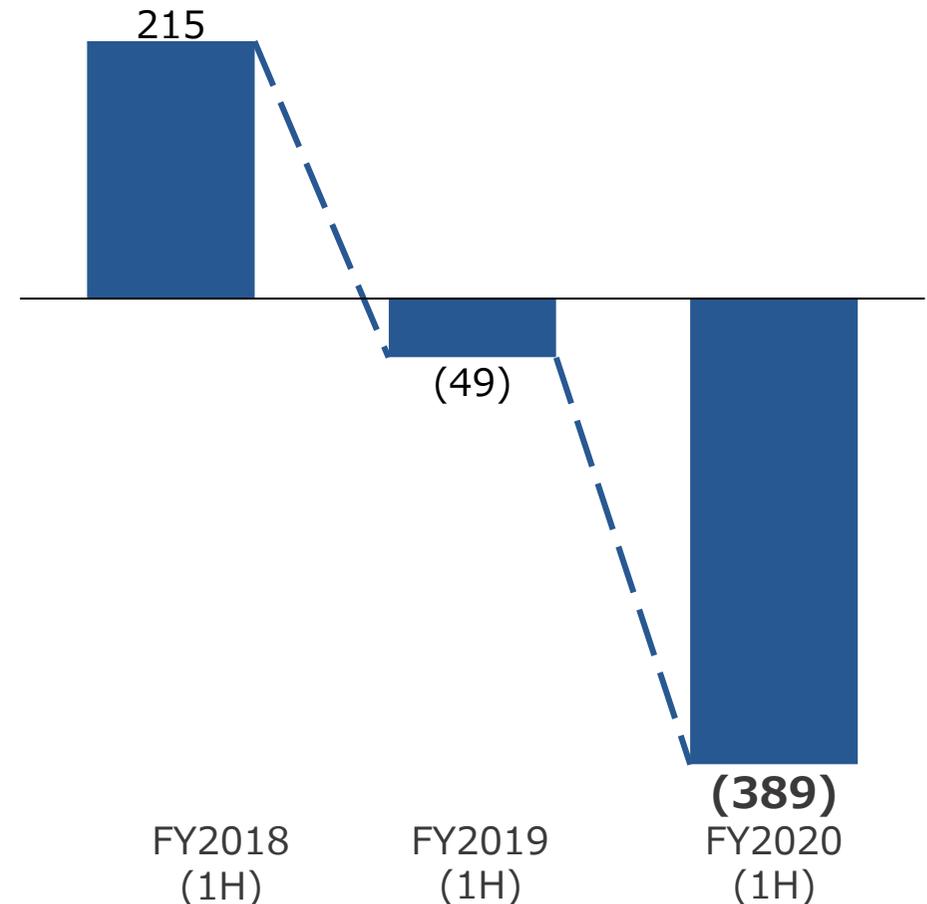
Highlights of Segment Results of FY2020 1H (1)-2 (Financial Results)

- Net sales and profits decreased largely because proliferation of COVID-19 led to downsizing, postponements, and discontinuations of customer projects, a downturn in shipments of final products, and new service postponements

Net sales (JPY Million)

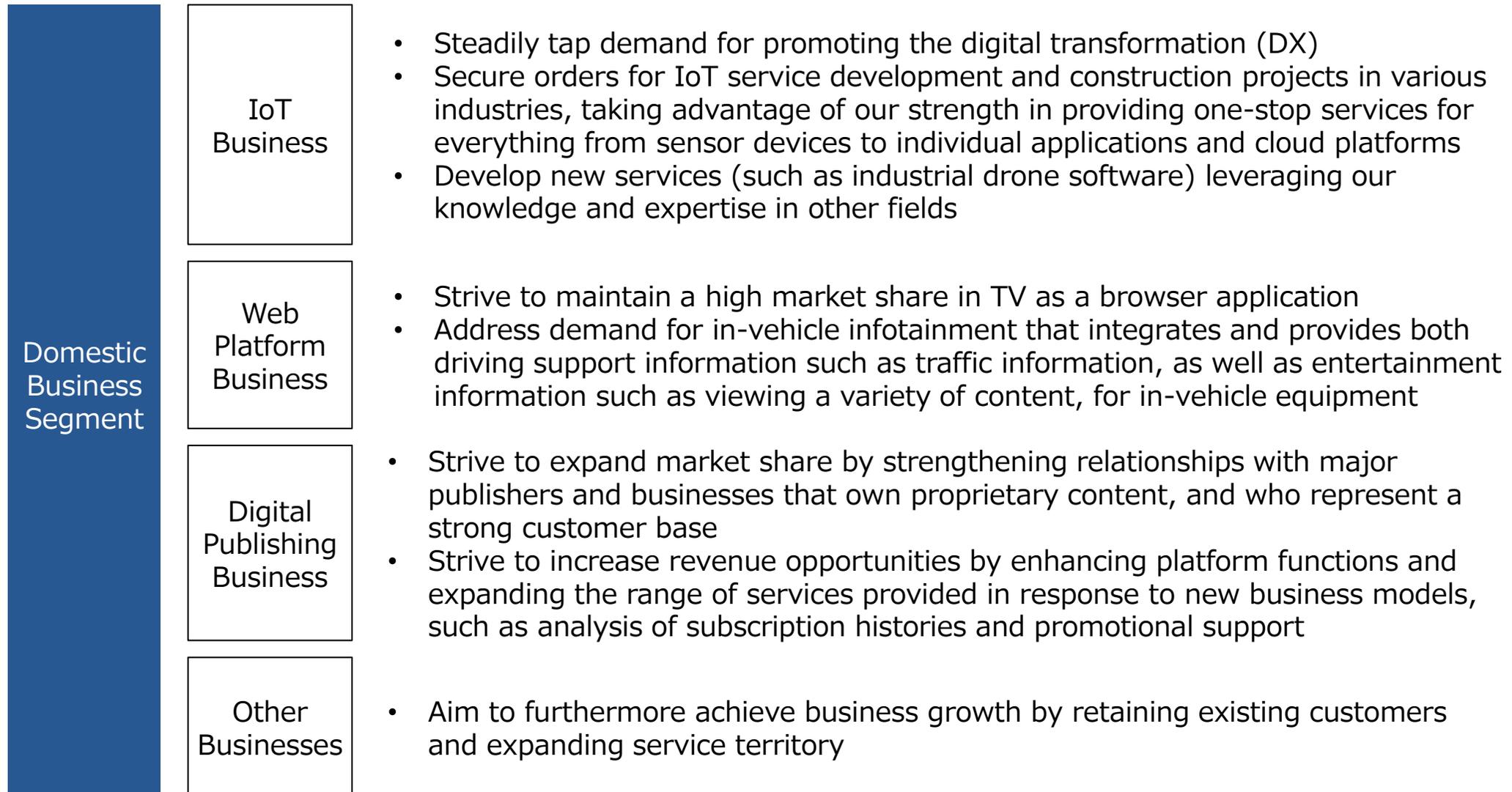


Segment profit (JPY Million)



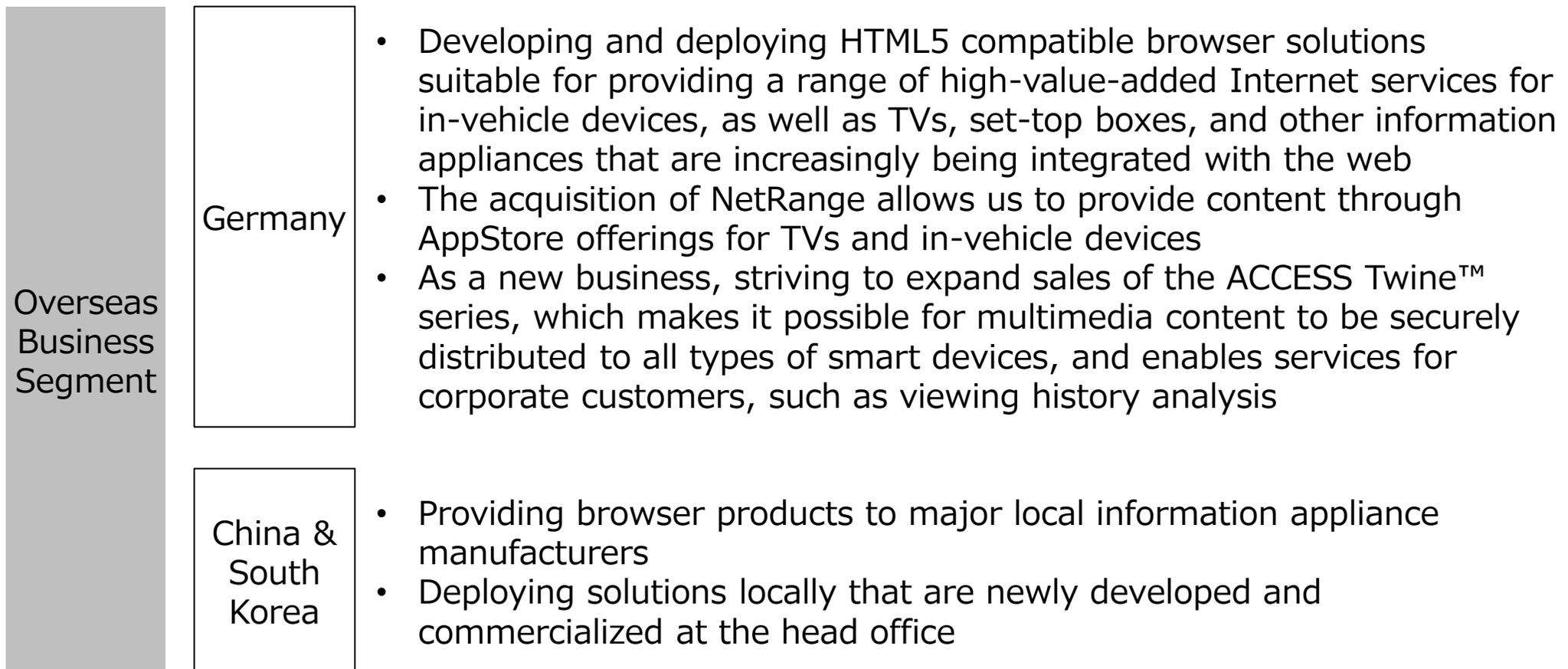
Highlights of Segment Results of FY2020 1H (1)-3 (Future Initiatives)

- An overview of initiatives to be carried out by the Domestic Business segment is as below:



Highlights of Segment Results of FY2020 1H (2)-1 (Business Overview)

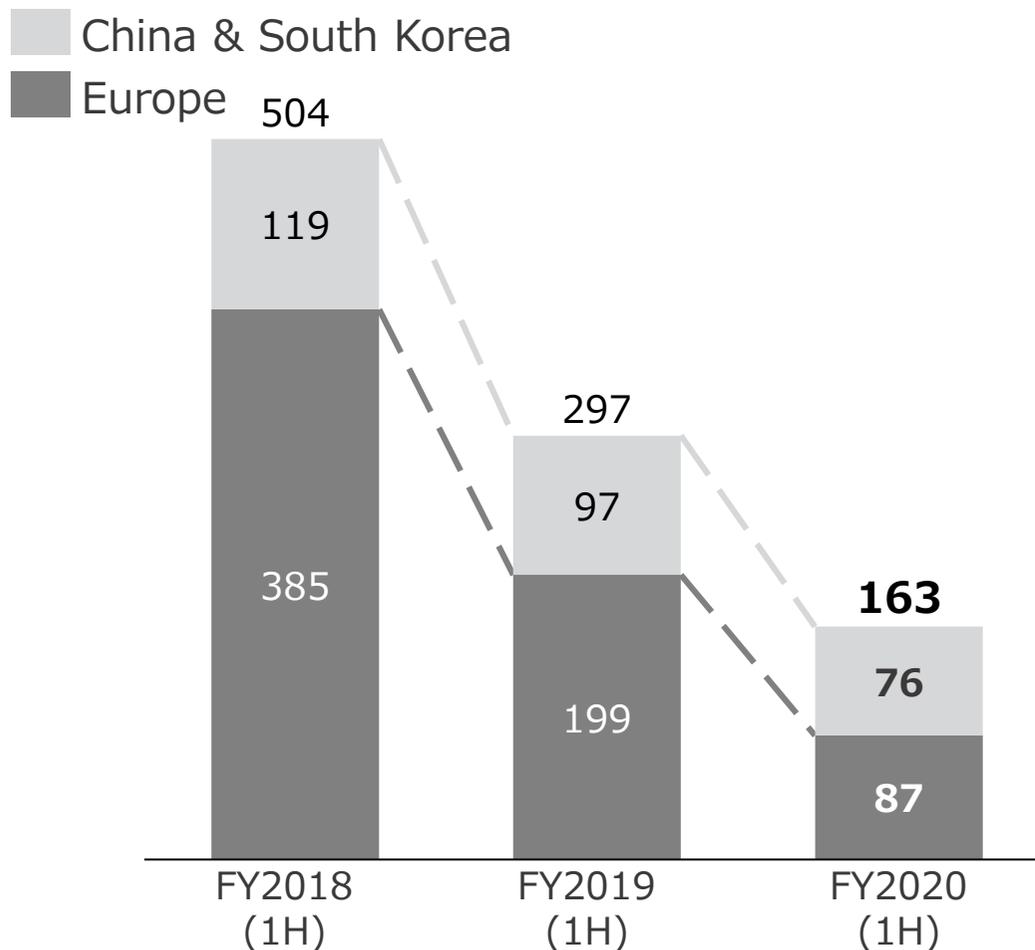
- A business overview of the Overseas Business segment is as below:



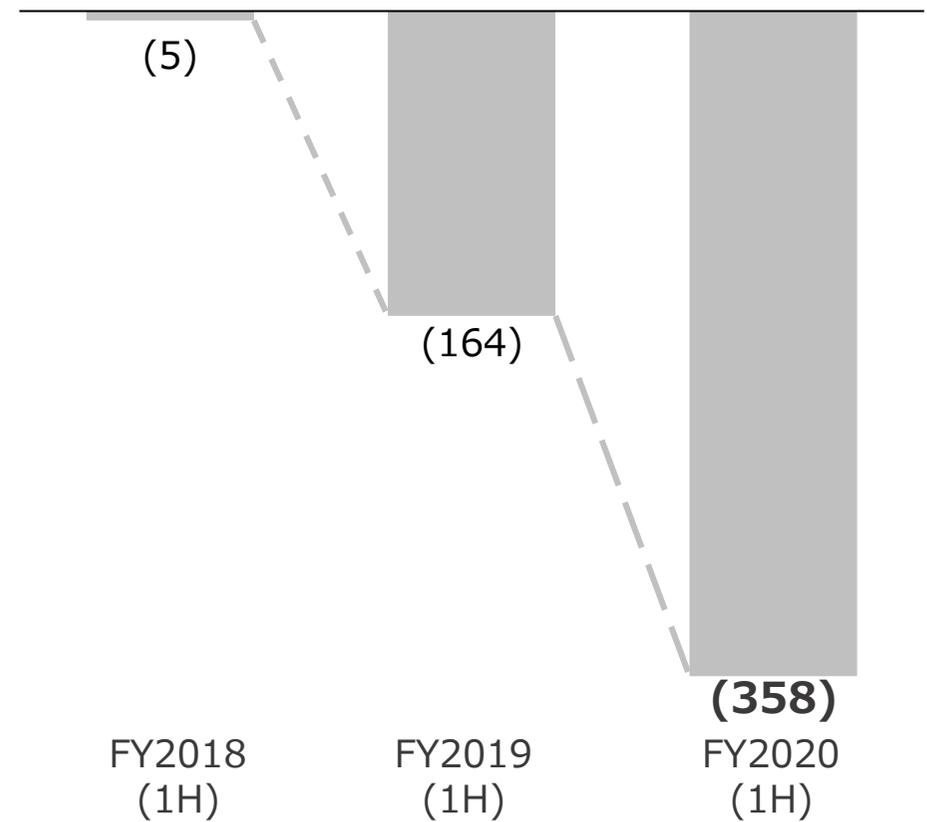
Highlights of Segment Results of FY2020 1H (2)-2 (Financial Results)

- Net sales and profits decreased largely because proliferation of COVID-19 led to circumstances that include interruptions of existing projects due to developments such as shutdowns of customers' factories, and a downturn in shipments of final products

Net sales (JPY Million)



Segment profit (JPY Million)



Highlights of Segment Results of FY2020 1H (2)-3 (Future Initiatives)

- An overview of initiatives to be carried out by the Overseas Business segment is as below:

Overseas
Business
Segment

Germany

- Focus on fields for in-vehicle infotainment, where the market is growing along with the development of autonomous driving technology
 - Provide a high value-added service platform and build a recurring revenue base
- Develop business leveraging our respective strengths involving browsers and NetRange products
- Aim to further increase profits by expanding fields of business in part by developing the business of advertising that enlists platforms



China &
South
Korea

- Actively deploy solutions locally that are newly developed and commercialized within the ACCESS group

Highlights of Segment Results of FY2020 1H (3)-1 (Business Overview)

- A business overview of the Network Business segment is as below:

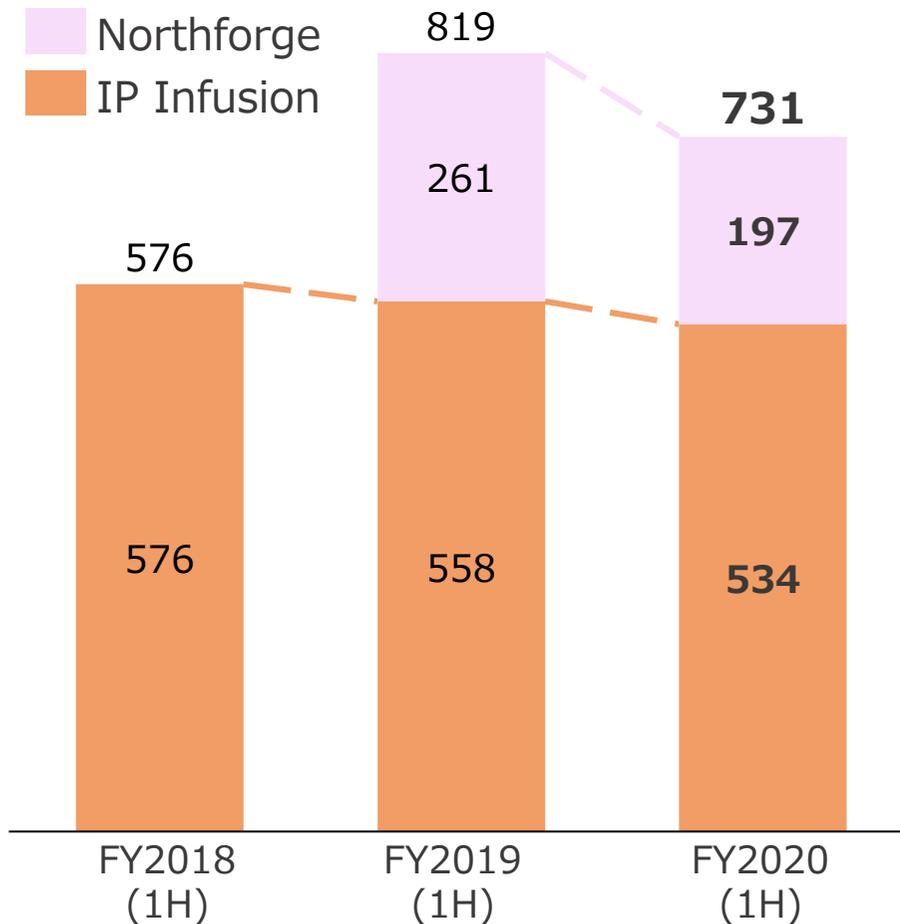
Network Business Segment

- Established local subsidiaries in India, Canada and other countries, centered on U.S. subsidiary IP Infusion Inc.
- Maintaining the business foundation of the ZebOS® series base software platform for network equipment, the Company's existing business
- Focusing on expanding the OcNOS® business, an integrated Network OS for white box
- Concluded a licensing agreement and a business alliance agreement with a subsidiary of AT&T Inc. for white box (disaggregation of hardware and software) solutions for network equipment for telecommunication carriers
 - Through these agreements, IP Infusion Inc. serves as a value-added integrator of "DANOS-Vyatta edition" and accordingly provides commercial solutions for telecommunication service providers, flexibly in alignment with use cases from among multiple hardware options
- Telecommunications carriers have decided to adopt IP Infusion's white box solutions
 - Taiwanese telecommunication service provider Asia Pacific Telecom (APT) has decided to adopt IP Infusion Inc.'s white box solutions for building its own 5G mobile network
 - Chile-based telecommunication service provider Mundo Pacífico has selected IP Infusion Inc. in adopting Latin America's first white box optical network, amid its plans to increase the capacity of its networks in major cities of central Chile

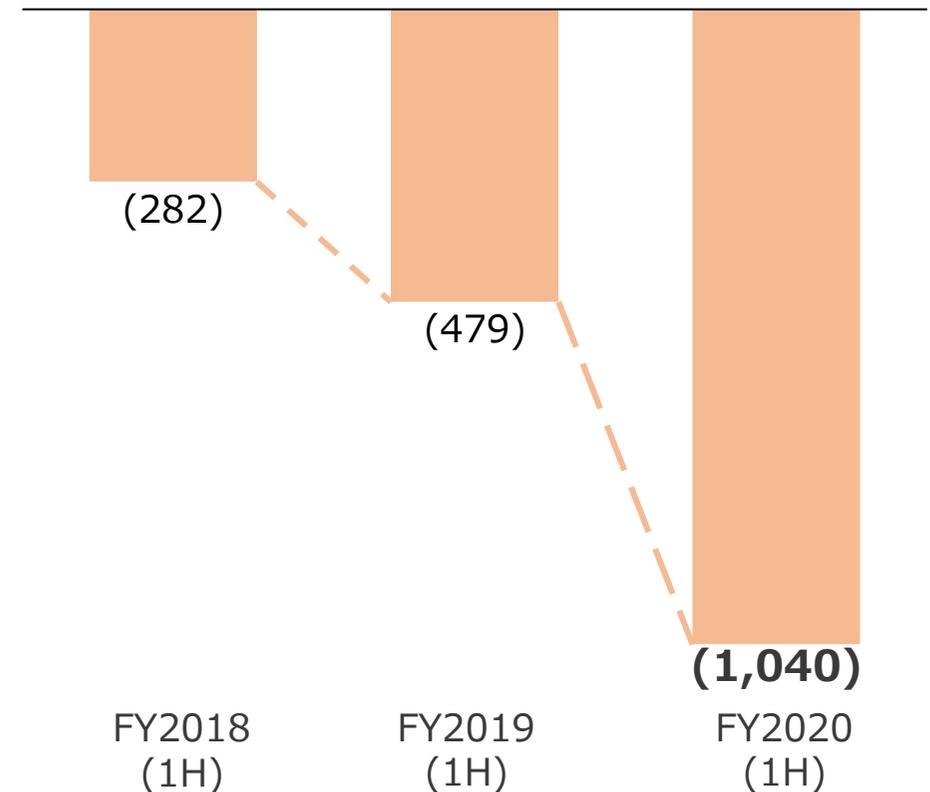
Highlights of Segment Results of FY2020 1H (3)-2 (Financial Results)

- Net sales and profits decreased largely because proliferation of COVID-19 led to circumstances that include delays and interruptions in commercial testing and evaluation, and a likelihood that testing and evaluation timelines will be longer than initially anticipated

Net sales (JPY Million)



Segment profit (JPY Million)



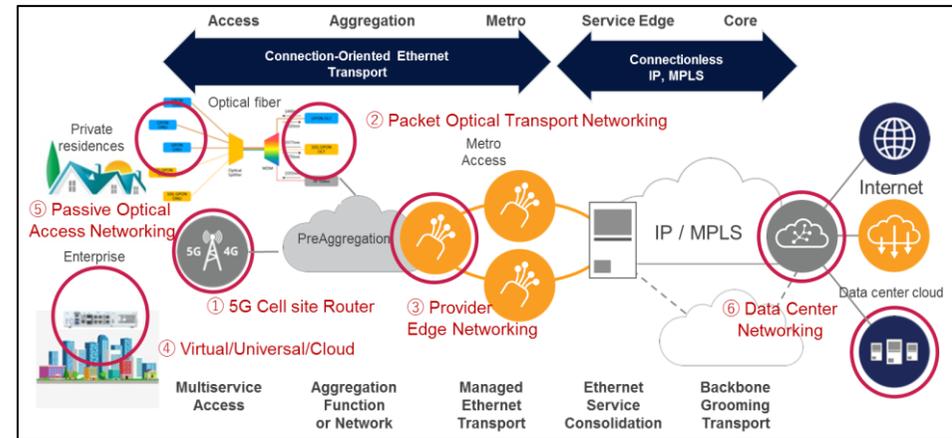
Highlights of Segment Results of FY2020 1H ③-3 (Future Initiatives)

- An overview of initiatives to be carried out by the Network Business segment is as below:

- Focus on six target domains that are likely to generate demand for white box solutions
 1. 5G Cell site Router
 2. Packet Optical Transport Networking
 3. Provider Edge Networking
 4. Virtual/Universal/Cloud
 5. Passive Optical Access Networking
 6. Data Center Networking

A shift to white box solutions initially started to take hold in target domains 1 and 6. Meanwhile, we have subsequently been receiving inquiries across all six target domains amid a scenario of ongoing investment in product development. From this point forward, we will steadily shift to taking on projects involving commercialization.

- As for prevailing trends involving increasing demand for white box solutions against a backdrop of the shift to 5G wireless, we are likely to encounter increasing demand going forward amid a scenario where the trend toward network disaggregation will persist unchanged, despite delays in evaluations caused by proliferation of COVID-19
- Going forward, we will further amass a solution-implementation track record drawing on knowledge we have gained through our experience with Asia Pacific Telecom (APT) and Mundo Pacífico as they adopt our solutions
- With white box platforms increasingly attracting attention, enterprises are turning to open source solutions at an accelerating pace. We aim to maximize profit generated from the target domains by promoting alliances with other companies strategically enhancing operations in the target domains



Network
Business
Segment