

Fiscal 2020 Financial Results Presentation

Fiscal Year Ended January 31, 2021

(37th Fiscal Year)

ACCESS CO., LTD.

March 2021



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Notes on Forward-Looking Statements

- 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.
- Although it is difficult to predict the future expansion of the impact of COVID-19 or when it will be settled, the content of this document is based on the assumption that the impact will continue for a certain period of time in the next fiscal year, but our business will begin to recover in 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 FY2020
Fiscal Year Ended January 2021
(37th Fiscal Year)

Highlights of FY2020 (1)

- Net sales and profits decreased year-on-year largely due to delays in business activities in 1H caused by stagnating economic activity worldwide, as well as failure to secure orders for large-scale projects during the fiscal year.

(JPY Million)

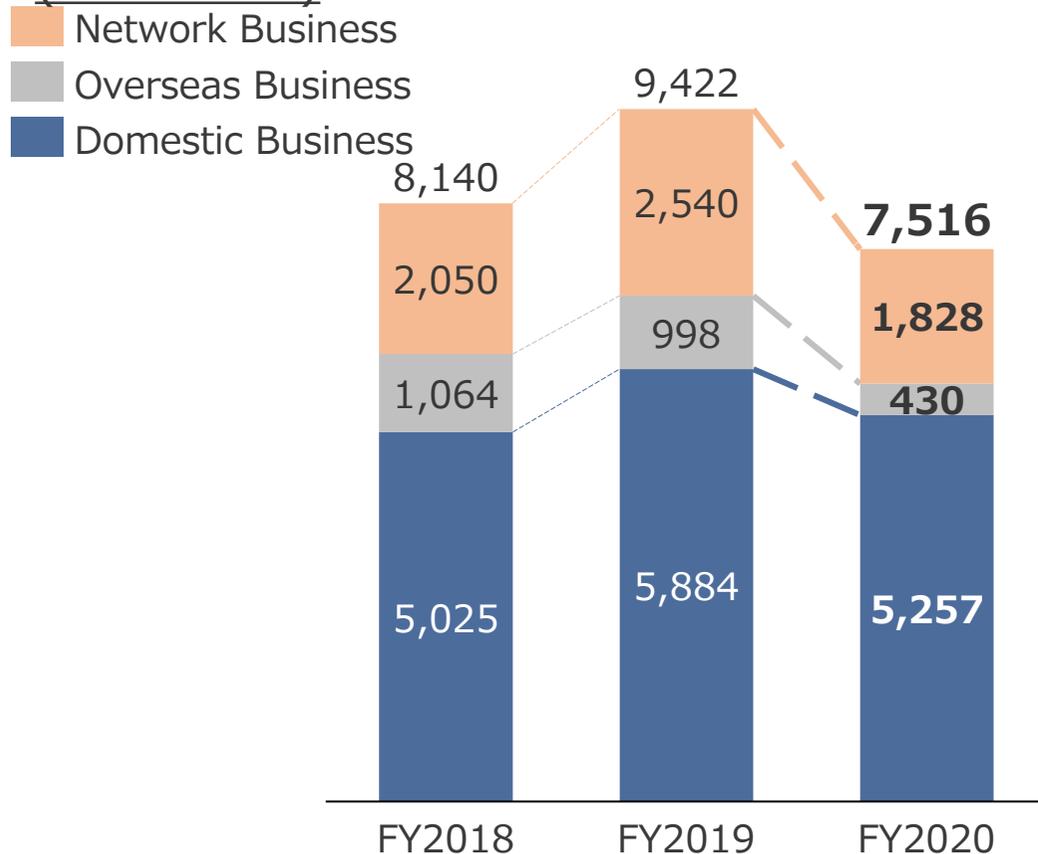
	FY2020	YoY
Net sales	7,516	-20.2%
Operating profit	(2,641)	- (YoY: 387)
EBITDA*	253	-86.4%
Profit attributable to owners of parent	(2,537)	- (YoY: 493)

* EBITDA=Operating profit + Depreciation and Amortization

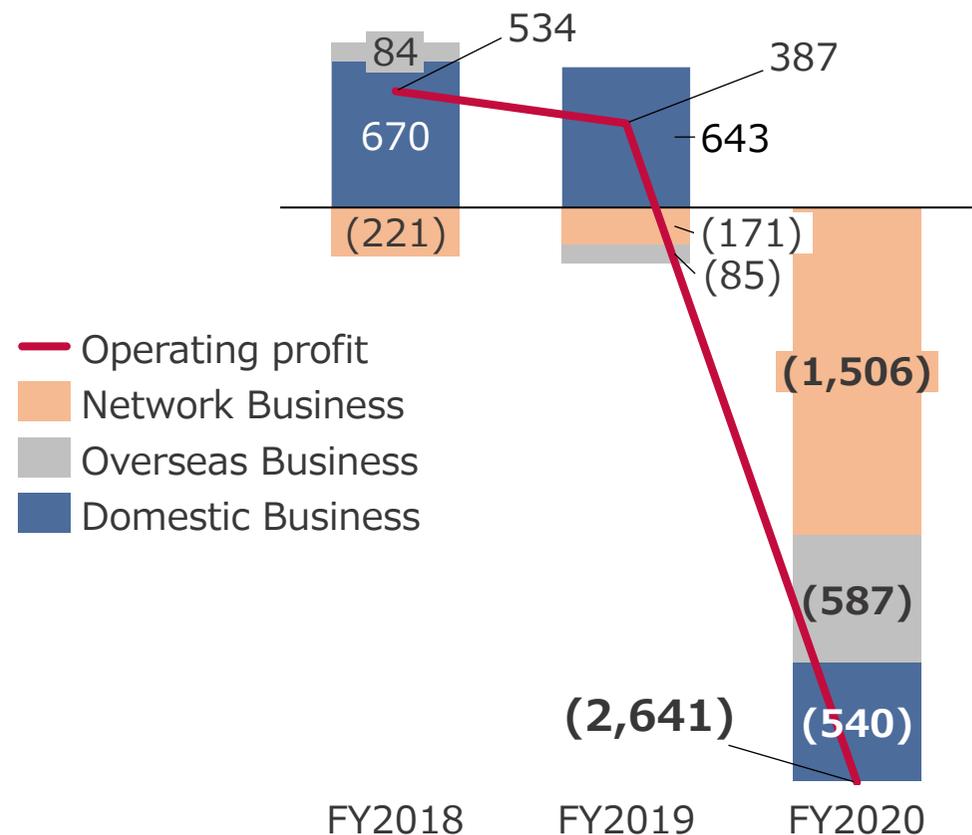
Highlights of FY2020 (2)

- Net sales and profits decreased year-on-year in all segments due to increased depreciation (caused by growth investment) and a number of factors that led to decrease in net sales, including postponements and discontinuations of projects.

Net sales by segment
(JPY Million)



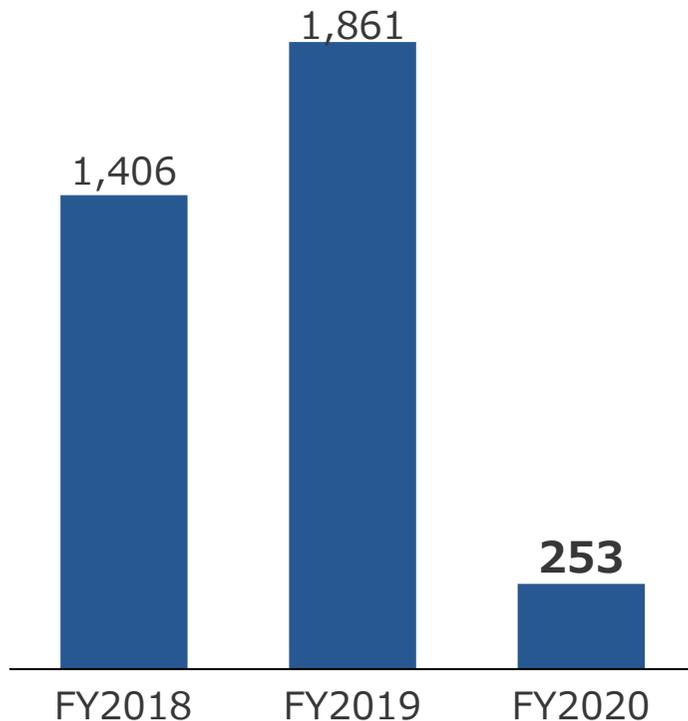
Operating profit • Segment profit
(JPY Million)



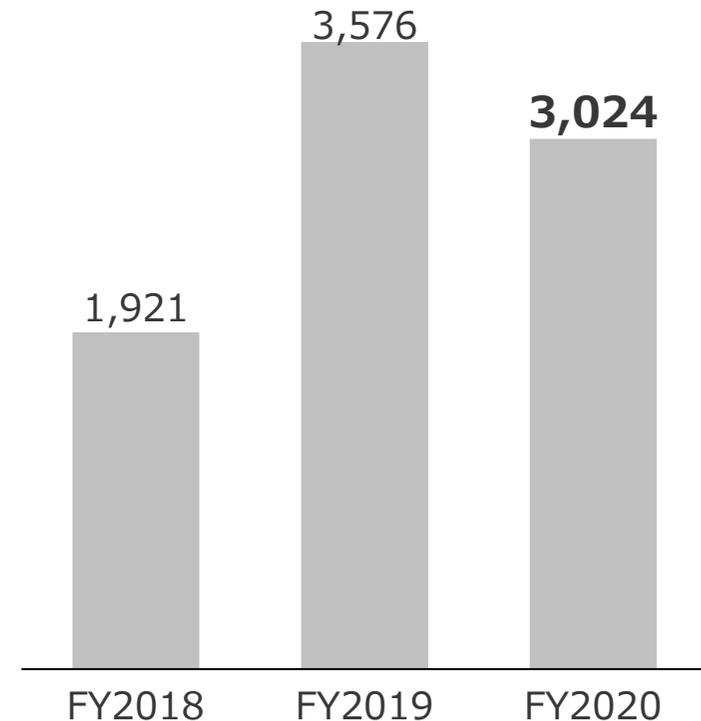
Highlights of FY2020 (3)

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

Consolidated EBITDA
(JPY Million)

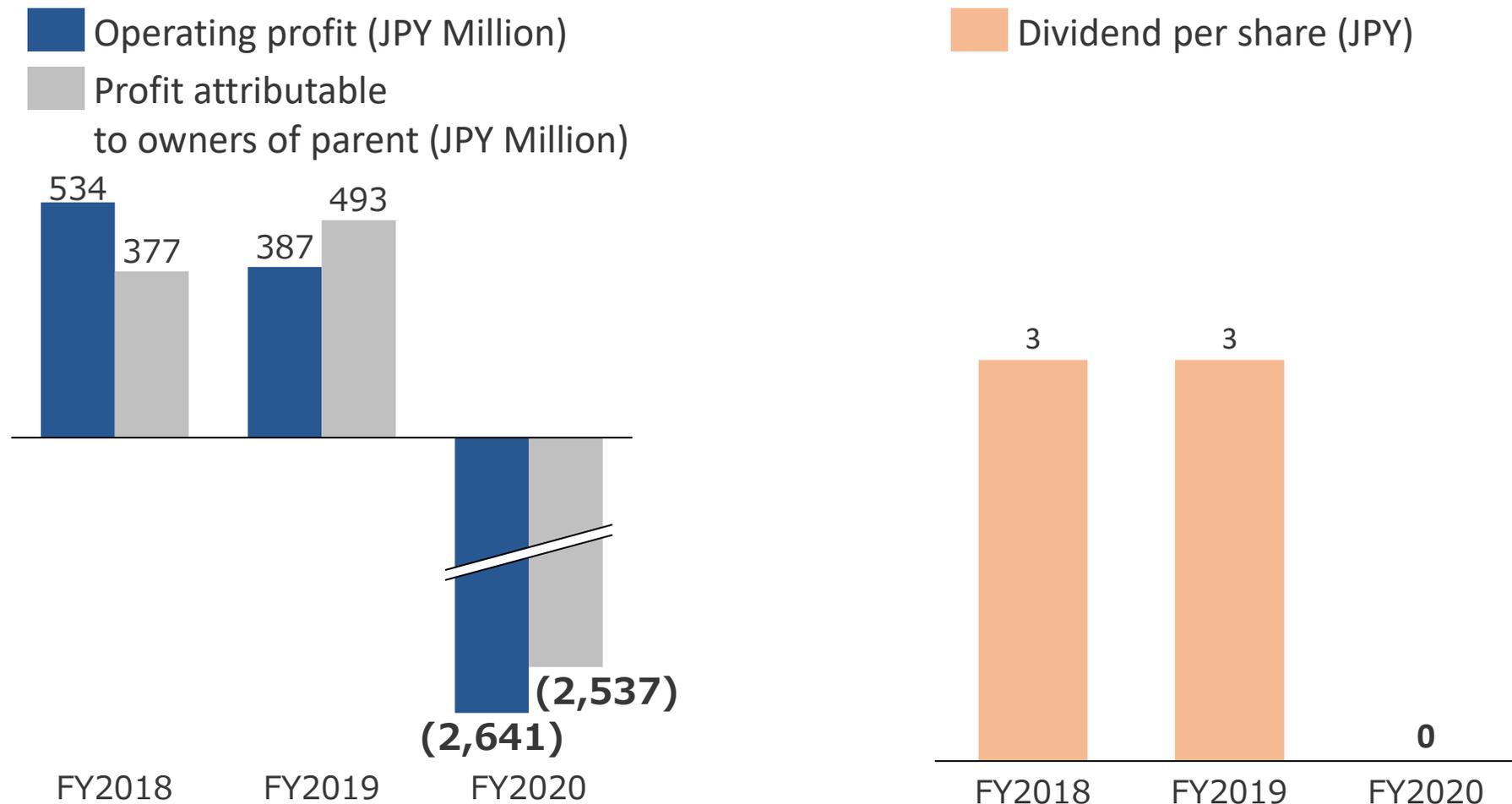


Acquired software assets
(JPY Million)



Highlights of FY2020 (4)

- Forgo dividend for FY2020, in light of consolidated financial results for the full year



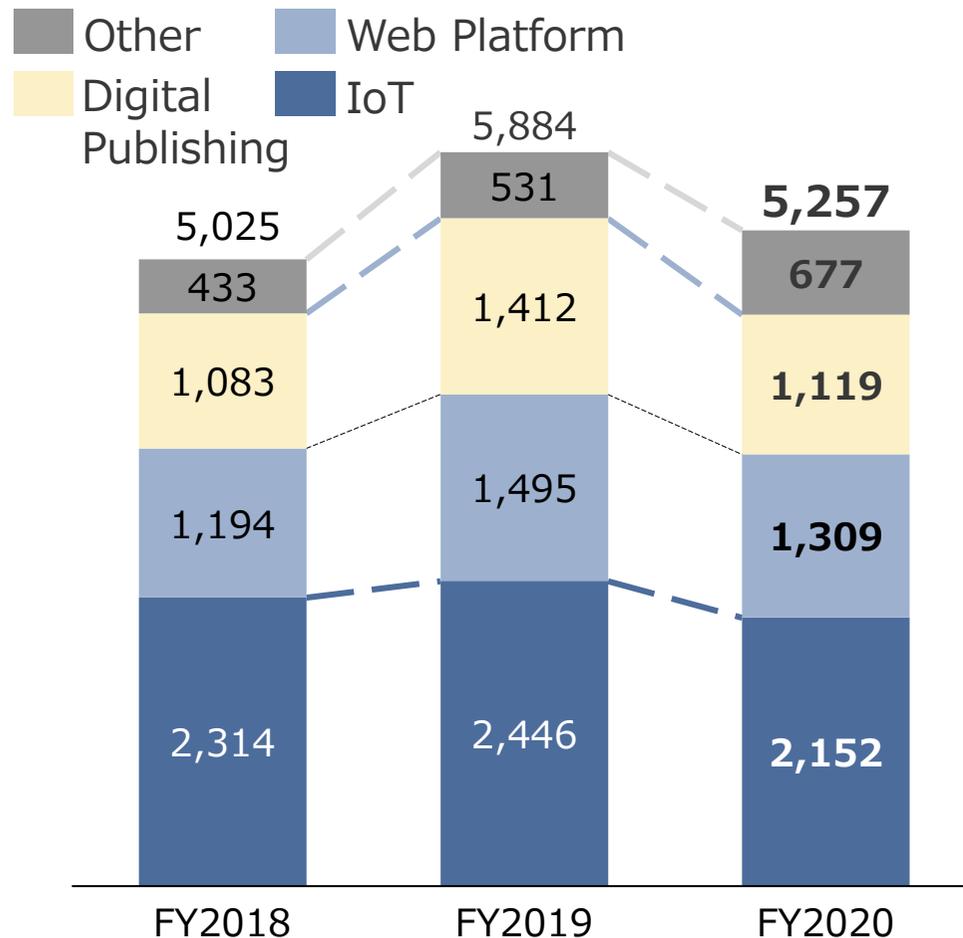
2. Highlights of Segment Results of FY2020
Fiscal Year Ended January 2021
(37th Fiscal Year)

Highlights of Segment Results of FY2020 (1)

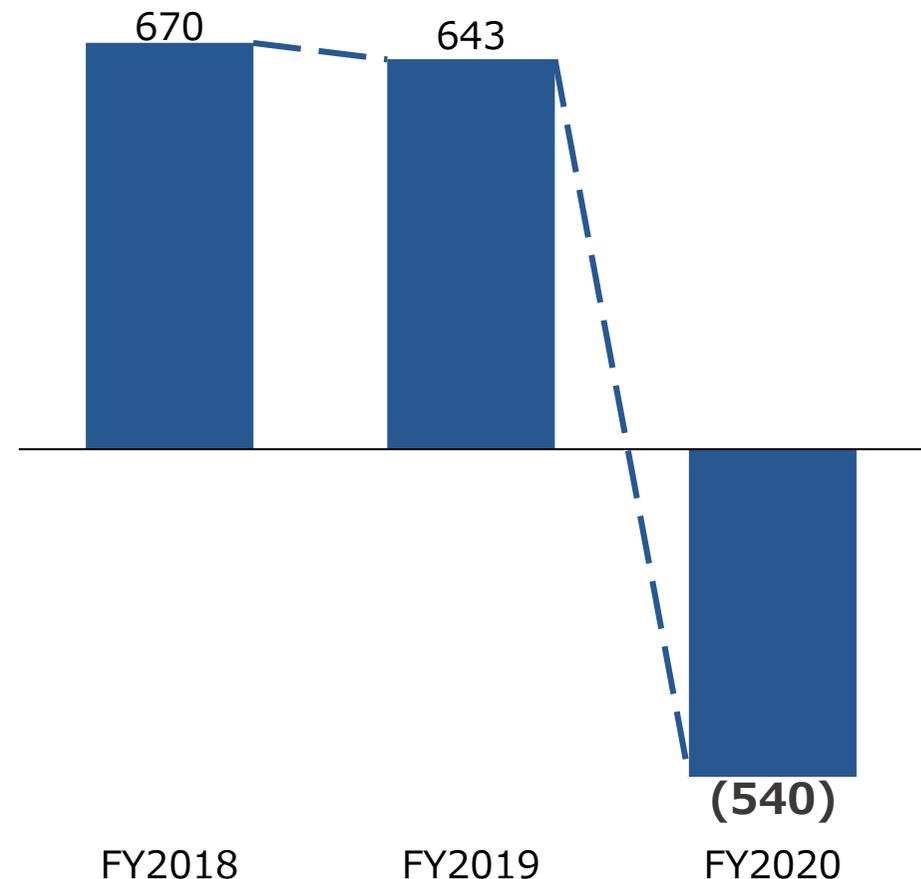
(Domestic Business)

- Net sales and profits decreased year-on-year largely due to downsizing and postponements of customer projects, discontinuations of new large-scale projects, and increase in depreciation (caused by growth investment)

Net sales (JPY Million)



Segment profit (JPY Million)

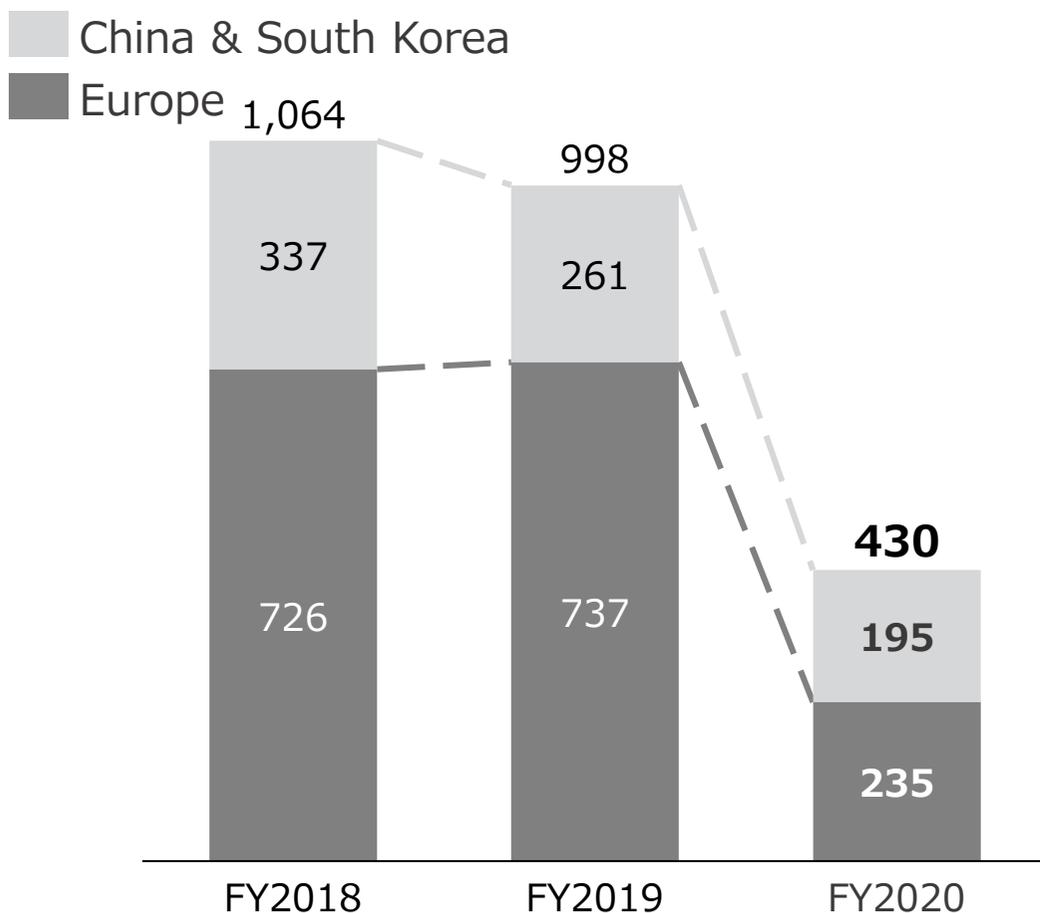


Highlights of Segment Results of FY2020 (2)

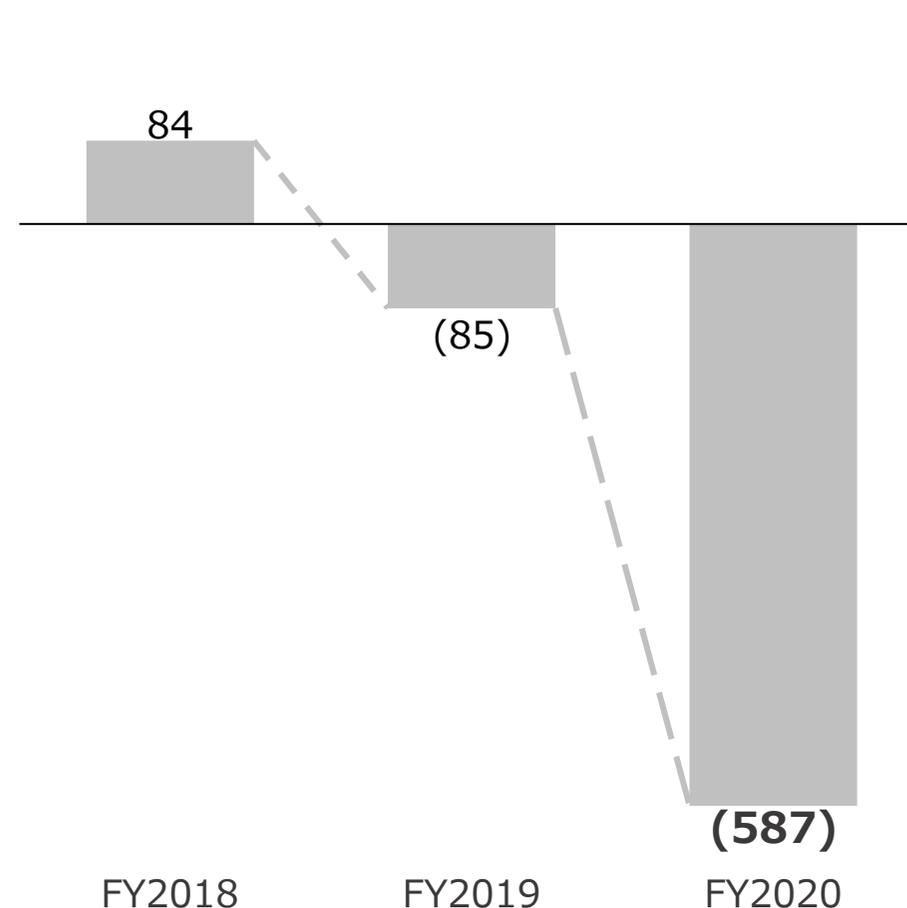
(Overseas Business)

- Net sales and profits decreased year-on-year because temporary stagnation of customer companies' business activities in fields for in-vehicle infotainment resulted in failure to secure orders for large-scale projects during the fiscal year

Net sales (JPY Million)



Segment profit (JPY Million)

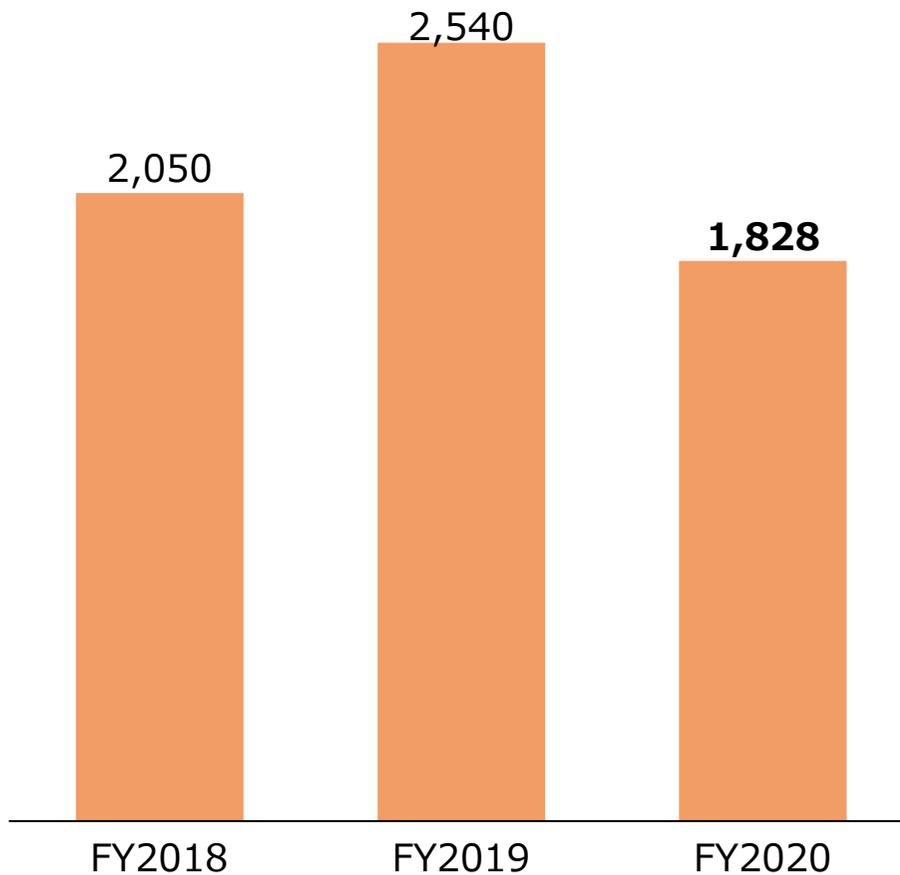


Highlights of Segment Results of FY2020 (3)

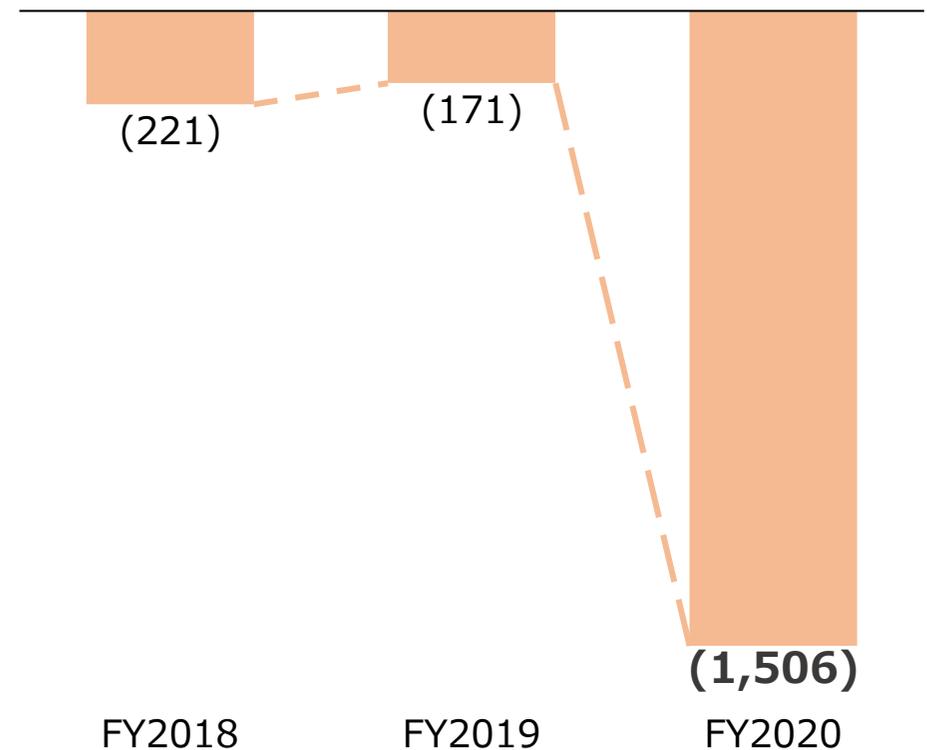
(Network Business)

- Net sales and profits decreased year-on-year due to delays and interruptions in commercial testing and evaluation, as well as longer testing and evaluation timelines than initially anticipated, resulted in failure to secure orders for large-scale projects during the fiscal year

Net sales (JPY Million)



Segment profit (JPY Million)



3. Business Progress

Business Progress in FY2020

- No significant changes in medium- to long-term demand and growth potential in target markets
- Work to turn the business around without changing growth strategies and focus fields

Plans at the beginning of FY2020 (before the pandemic)

Progress and directions for FY2021

<p>Domestic Business</p>	<p>IoT Business: Create and foster our own recurring earnings services, while consolidating business foundation through non-recurring engineering projects</p> <p>Web Platform Business: Maintain share in the TV market and expand share in the automotive applications market</p> <p>Digital Publishing Business: Expand market share and service ranges</p>	<p>Orders decreased, especially in 1H, because customers reduced investment (IoT, Digital Publishing) Royalty revenue for browsers decreased due to stagnating economic activity worldwide (Web) Review sales plans for some products (Digital Publishing) Demand is on a recovery track in each field since 2H</p> <p>Aim to restore growth especially through IoT and DX-related projects Improve profitability of Digital Publishing by reviewing cost structure</p>
<p>Overseas Business</p>	<ul style="list-style-type: none"> • Continue activities for market penetration of Multimedia Content Delivery Platform for automotive applications • Improve profitability by utilizing NetRange's business 	<p>Temporary drop in existing browser revenue Delay in the launch of In-Vehicle Content Business Signs of resumption of investment in infotainment</p> <p>Restore browser revenue base first and foster In-Vehicle Content Business in the long term</p>
<p>Network Business</p>	<p>Complete commercial testing and evaluation for large-scale White Box projects and secure orders by the end of FY2020</p>	<p>Failure to secure orders for large-scale projects during FY2020 due to interruption and time schedule extension of many evaluations Number of business negotiations increased significantly</p> <p>In FY2021, continue with experiments and negotiations to secure orders</p>

Domestic Business: Achievements in IoT Business

- Collaboration with other companies to develop solutions that will advance DX
- Continue to offer IoT and DX solutions to various industries on our own and through collaboration, taking advantage of our strengths

JIGlet case

Challenges at manufacturing sites:

- Installation costs
- Resistance to adoption on the frontline due to complicated use
- Complex ROI assessments

Solutions based on features of JIGlet:

- Easy to install
(Easy initial setup and device installation)
- Easy to use
(Easy data collection)
- Easy to assess effectiveness
(Easy data utilization)



Collaboration partner
(Murata
Manufacturing)

Value offered:

- Manufacturing expertise

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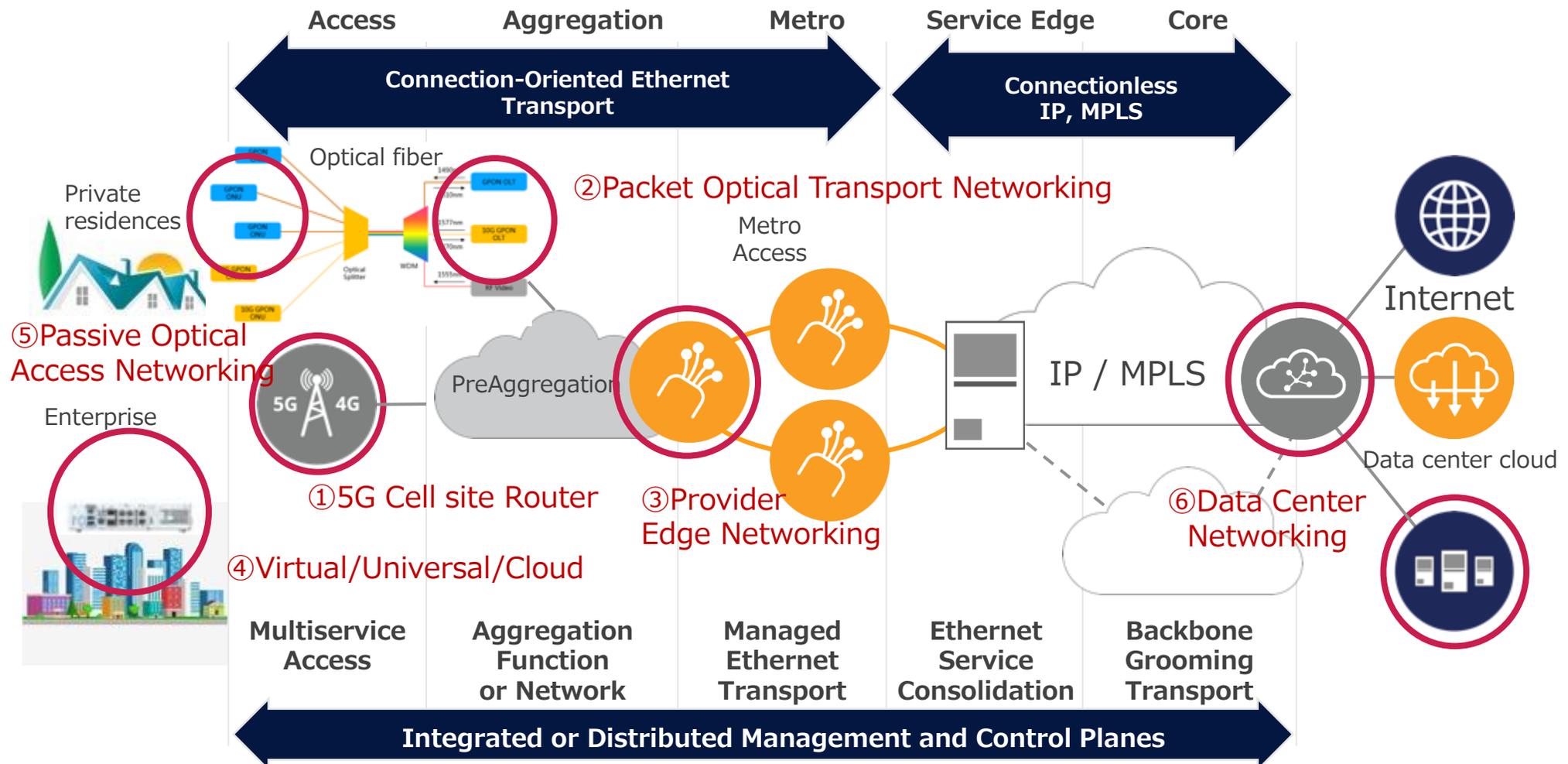
Value offered:

- Software development prowess
- Consulting



Network Business: Six Target Domains

- Focus on launching white box products in the six domains shown below



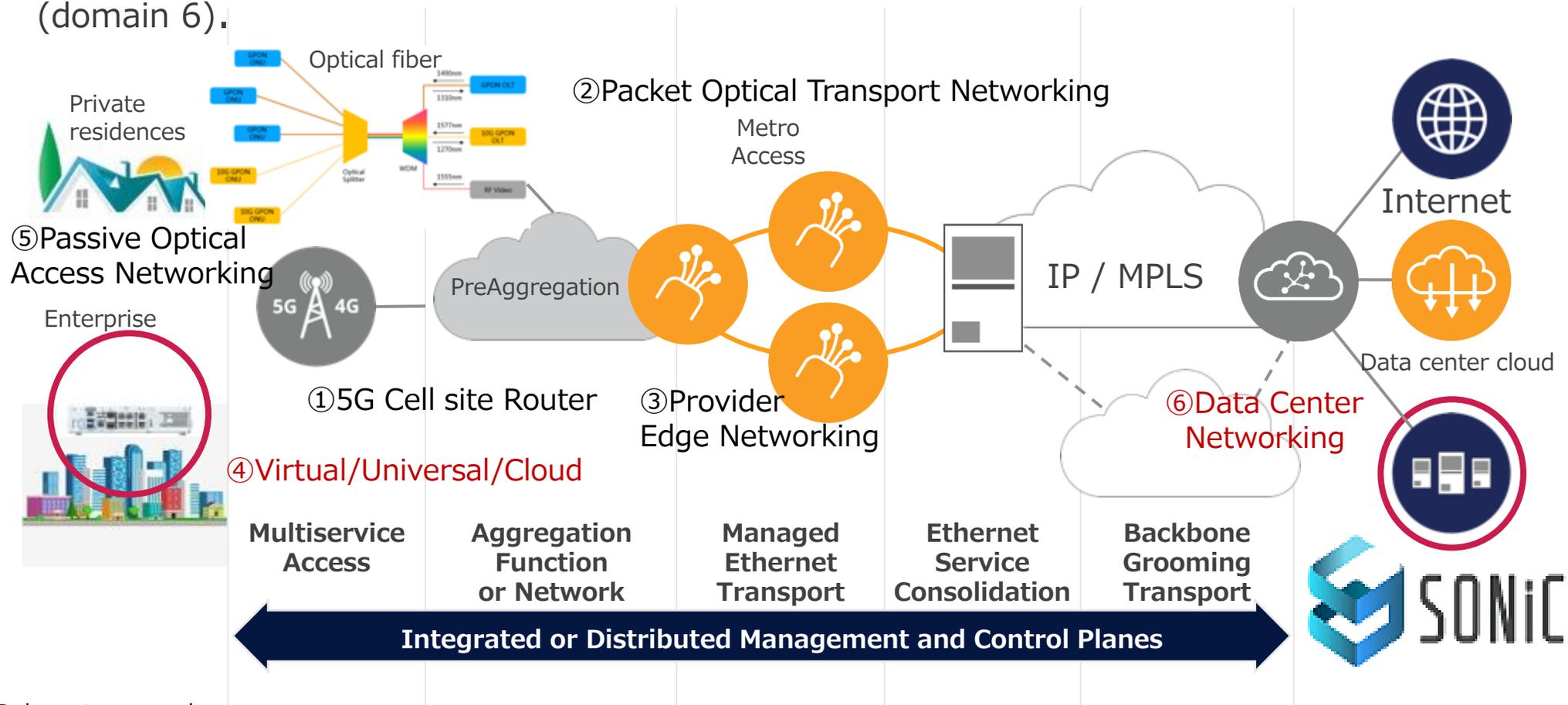
Network Business: Progress in Each Domain

- Adopted for use in Cell site Router (domain 1), Optical Transport (domain 2), and Provider Edge Networking (domain 3)
- Expand portfolio, such as to include products for enterprises (domain 4) and data centers (domain 6). Steadily enhance revenue base to achieve net sales of JPY 12.0 billion in FY2023

Target domain	Business development policy (As of July 21, 2020)	Progress
5G Cell site Router (1)	Develop business to meet increasing demand in the base station market due to the proliferation of 5G, taking advantage of collaboration with AT&T	Rolling out the outcome at Taiwan's APT to other telecommunication service providers, and driving forward evaluation projects
Packet Optical Transport Networking (2)	Facilitate adoption by leveraging price advantage, to meet increasing demand for equipment related to optical fiber associated with increased communication network capacity	Adopted one after another in South America and Africa Collaboration with the Telecom Infra Project (TIP) has been a strong support
Provider Edge Networking (3)	Offer MPLS-capable white box to meet the demand for acceleration of edge processing and enhancement of network functions associated with the proliferation of 5G	Assessment is in progress for multiple projects, based on the outcome at SKY Brazil
Virtual/Universal/Cloud (4)	Facilitate adoption of product lines that take advantage of collaboration with AT&T, to meet enterprise demand for expanding communication functions	SD-WAN and edge computing requirements are attracting attention. Preparing country- and region-specific proposals that meet different levels of requirement
Passive Optical Access Networking (5)	Meet increasing demand for equipment related to optical fiber on the accessing side associated with increased communication network capacity	Made progress in product development, and preparing evaluation for specific projects
Data Center Networking (6)	Offer MPLS technology, our strength, to the Data Center Networking domain	Added SONiC to product portfolio. Offered MPLS, our strength, as integration of the data center and carrier networks progresses due to the rise of edge computing

Network Business: Expansion of Product Portfolio

- Offer SD-Edge, a solution for enterprises (domain 4), in collaboration with AT&T
- Offer a commercial version of OSS SONiC as a solution for data centers (domain 6).

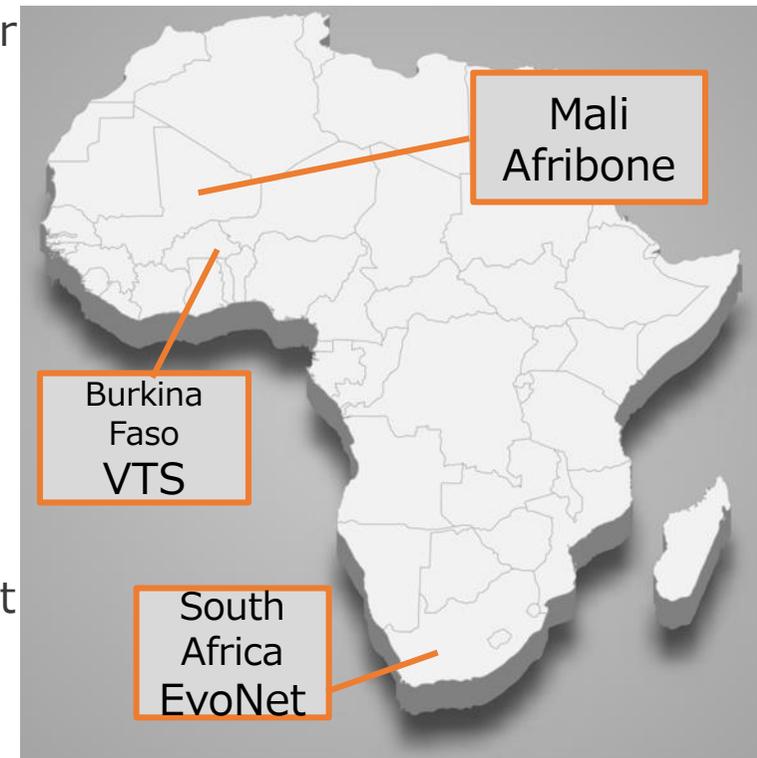


Relevant press releases

- 2020.05.19 [IP Infusion introduces Open SD-Edge platform powered by DANOS-Vyatta edition, promoted by AT&T for uCPE Platforms](#)
- 2020.06.30 [IP Infusion launches Virtual SD-Edge for cloud-based secure routing, powered by DANOS-Vyatta edition, promoted by AT&T](#)
- 2020.10.14 [IP Infusion Extends its Disaggregated Networking Portfolio by Supporting Commercial SONiC Distribution](#)
- 2020.10.26 [IP Infusion launches Universal SD-Edge for WAN Edge, powered by AT&T's DANOS-Vyatta edition](#)

Network Business: Rapid Increase in Adoption in Africa

- Brisk demand for expansion of Internet infrastructure and readiness to comprehensively adopt new technology without being bound by existing infrastructure are expected to further drive the introduction of white box solutions.
- Make sure to seize the trend, and accelerate the growth of Network Business
- South Africa's EvoNet selected IP Infusion as key partner for future network expansion (domain 3)
- Virtual Technology & Systems (VTS), an Internet service provider (ISP) in Burkina Faso, adopted white box solution (domain 2) to interconnect Ouagadougou, the capital, with Dakola through 200km of 200Gbps fiber
- Afribone, a leading IPS in Mali, adopted IP Infusion's white box router solution (domain 3)
- As the Telecom Infra Project (TIP) is also enhancing support to Africa, we will make sure to seize the trend



Relevant press releases

2020.11.16 [VTS selects IP Infusion for first commercial deployment of TIP's Cassini solution in Africa](#)

2020.12.22 [Afribone Deploys Disaggregated Router Solution Based on IP Infusion for Rollout of Fixed Wireless for Enterprises](#)

2021.02.12 [EvoNet in South Africa selects IP Infusion Selected by EvoNet as Key Partner for Future Network Expansion](#)

Network Business: Evaluation in TIP

- Tokyo and Brazil labs of the Telecom Infra Project (TIP) completed validation of IP Infusion's white box solutions
- Aim to accelerate adoption especially by TIP member companies

About TIP:

- Telecom Infra Project (TIP) started its activities in February 2016, mainly on Facebook
- More than 800 companies participate to facilitate open sourcing in the communications network field and realize innovation in disaggregation
- The purpose is to recognize white box solutions in conformity with open source specifications and utilize them across the entire community
- Created Community Labs in 13 locations across the world. Widely discloses the validation environment for white box and validates functions



Relevant press releases

- 2020.07.17 [IP Infusion selected as a software provider for Telecom Infra Project Phoenix solution](#)
- 2021.03.12 [IP Infusion Delivers High Capacity in Extended Metro and Long-Haul Scenarios in Telecom Infra Project Trial](#)
- 2021.03.15 [IP Infusion's Disaggregated Cell Site Gateway Solution Validated by KDDI Corporation; Delivers Carrier-Grade, Production-Ready Network Operating System](#)

Source: Telecom Infra Project website (<https://telecominfraproject.com/clabs/>)

Network Business: Strategic Partnership to Expand Sales

- White box products have proceeded from the proposal phase to the sales expansion phase
- Promote strategic partnership to offer customers not only products but stable procurement, construction, and support globally

Changes in customer needs:

Needs in the past:

- Validation of white box functions
- Purchase software alone



Needs at present:

- Stable white box procurement, construction, and support
- Increased demand for bundled solutions with hardware (preinstalled model)

Example of strategic partnership: Distributor agreement with KGPCo (leading distributor in North America)

- Offer bundled solutions for Disaggregated Cell Site Gateway (DCSG, domain 1) products with IP Infusion's OcnOS® and DANOS-Vyatta edition network operating systems, as well as Universal Customer Premises Equipment (uCPE, domain 4) solutions using DANOS-Vyatta edition, to telecommunication service provider customers through KGPCo



Relevant press release

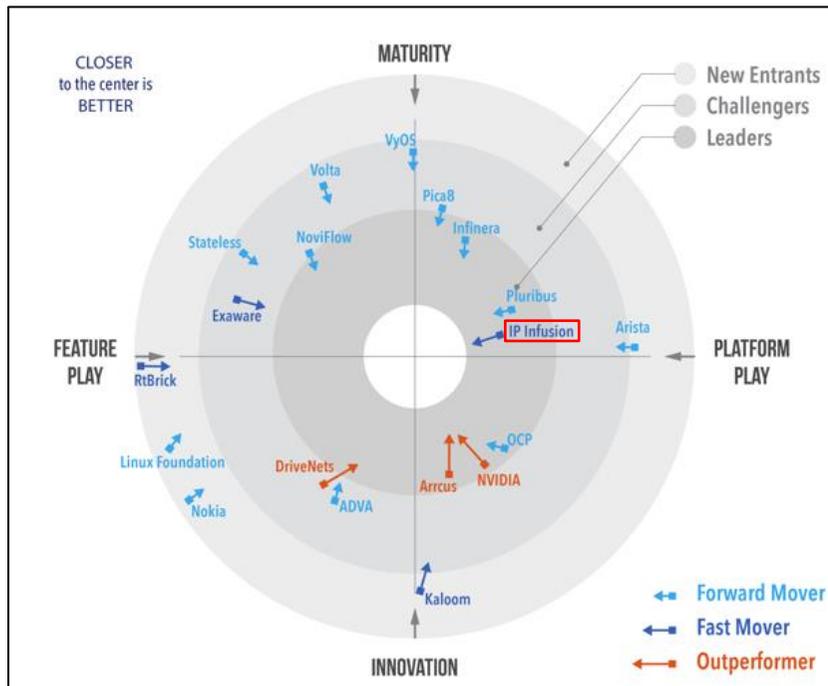
2021.03.08 [IP Infusion Announces Distributor Agreement with KGPCo to Provide Disaggregated Networking Solutions for Service Providers](#)

Network Business: High Rating and Increase in Recognition Level

- Aim to accelerate adoption, taking advantage of the high rating and increased recognition level

Highest rating in the GigaOm Rader Report

“You won’t get fired for choosing this company” by GigaOm



Reasons for high rating

- Large number of actual adoptions
- Large number of capable functions (IPI supports 6 domains)
- Large number of product portfolios (OcnOS, Vyatta, SONiC)

Relevant press release

2021.02.12 [IP Infusion Recognized as a Leader in the GigaOm Radar for Network Operating Systems](#)

Source: Telecommunication, March 2021 Edition; Chris Grundemann, “GigaOm Radar for Network Operating Systems,” February 5, 2021

Increase in recognition level

- Telecommunication featured white box, which is becoming prevalent throughout the carrier network



“...
Commercial deployment has started overseas. U.S.-based AT&T is leading the competition. The company introduced white box solutions by utilizing software router Vyatta acquired in 2017. In 2019, the solutions became an open source as Disaggregated Network OS (DANOS). In collaboration with IP Infusion, which deals with OS for white box and integration, AT&T attempts to offer the commercial version DANOS-Vyatta edition to telecommunication service providers across the world.
...”
Excerpt from Telecommunication, March 2021 Edition

Financial Forecast for FY2021

	(JPY Million)			
	FY2020 Result	FY2021 Forecast	Increase (Decrease)	Change (%)
Net sales	7,516	11,900	+4,383	+58.3%
Operating profit	(2,641)	100	+2,741	-
Ordinary profit	(2,337)	70	+2,407	-
Profit attributable to owners of parent	(2,537)	10	+2,547	-
Basic earnings per share (JPY)	(65.16)	0.26	+65.42	-
Annual dividends per share (JPY)	0.00	TBD	-	-

Financial Forecast for FY2021

(JPY Million)

		FY2020 Result	FY2021 Forecast	Increase (Decrease)	Change (%)
Domestic Business	Net sales	5,257	6,350	+1,092	+20.8%
	Segment profit	(540)	185	+725	-
Overseas Business	Net sales	430	1,150	+719	+167.1%
	Segment profit	(587)	5	+592	-
Network Business	Net sales	1,828	4,400	+2,571	+140.6%
	Segment profit	(1,506)	(90)	+1,416	-