VISUALIZE THE FUTURE

DIGITAL MEDIA PROFESSIONALS

Nine months ended December 31, 2019

Financial Results Supplementary Information

Digital Media Professionals Inc.

February 12, 2020

The views and forecasts that appear in these materials represent determinations made by the Company at the time the materials were created.
The accuracy of the information therein is not guaranteed.
Please be aware of the possibility that actual performance and results may differ considerably due to a variety of factors.

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Business description

Business	Description	Major Customers
IP Core*1 License Business	Development and license offer of hardware IP (logic design data etc.) and software IP (mainly hardware control drivers and supporting tools for contents creation) necessary for drawing detailed images and artificial intelligence*2 (AI) such as deep learning*3 a) License fee Compensation through offering IP core license in the process of developing products such as home appliances by customers b) Running royalty Compensation received according to the number of products incorporating IP core shipped by customers c) Maintenance and service fee: Revenue from maintenance of IP based on maintenance contract, etc.	Semiconductor manufacturer/ Manufacturer of final product with embedded semiconductor
LSI Product Business	Development, manufacturing (outsourced) and sales of graphics LSI*4 (SoC*5) mainly for amusement equipment	Semiconductor trading company/Manufacturer of final product with embedded semiconductor
	Development, manufacturing (outsourced) and sales of AI LSI (FPGA*6) for AI equipment	
Professional Service Business	Provision of design service of studying and optimizing the entire SoC system by integrating various IP cores of the Company, software service of developing and optimizing algorithm based on GPU*7/vision /AI technology cultivated through development of in-house products, etc.	Manufacturer of final product with embedded semiconductor

*1: Partial circuit modules within an LSI, designed for a specific function (e.g. graphics IP core). IP stands for Intellectual Property.
*2: Software and system that enable computers to make human-like perceptions and judgments such as computer programs that understand and judge sentences, images, conversations, sounds, etc.
*3: A type of machine learning method that realizes artificial intelligence by utilizing human brain imitated neural network mechanism, which is being commercialized in the field of image recognition
*4: Large-scale integrated circuits composed of silicon wafers (materials with properties intermediate between conductors and insulators used in the manufacture of semiconductor products). LSI stands for Large Scale Integration and is also called "semiconductor".
*5: Integrated circuit (design method) that integrates a series of functions (systems) required on one semiconductor chip. SoC stands for System on a Chip.
*6: Integrated circuit that allows buyers or designers to set and change the configuration after manufacturing. FPGA stands for Field Programmable Gate Array.
*7: Arithmetic unit or processor specialized in real-time image processing represented by computer games. GPU stands for Graphics Processing Unit. By utilizing its better performance in parallel computing performance than CPU, technologies called GPGPU (General-Purpose computing on GPU) that apply its computing resources to purposes other than image processing are applied to the AI/deep learning field.

Results Highlights: P/L

Although net sales were up but losses worsened year on year, a sustainable earnings base was established by the stabilization of the management base due to the increase in sales of the amusement LSI RS1 and the expansion of AI business line

(Unit: million yen)	Nine months ended Dec 30, 2018	Nine months ended Dec 30, 2019	Amount change
Net sales	493	**661**	**-168**
Operating income	-53	**-159**	**-105**
Ordinary income	-49	**-166**	**-117**
Net income	-49	**-167**	**-117**

- Net sales increased mainly because sales of RS1 for mas-production compensated a drop in NEDO* commission revenue and a decline in running royalties centered on game consoles
- Operating income, ordinary income and net income all decreased due to the lower profitability attributable to the business mix, an increase in overall expenses mainly for strengthening the development system, and recording of share issuance cost

* New Energy and Industrial Technology Development Organization

Results Highlights: Net Sales by Business

IP core license business

Sales ¥114 million YoY change -¥62 million

- Decrease in running royalties centered on game console customers
- Although multiple new license contracts of ZIA edge AI IP "DV series" were recorded, there were no large projects equivalent to the large project recorded in the previous fiscal year

LSI product business

Sales ¥333 million YoY change +¥311 million

- Recorded sales of RS1 for volume production and "ZIA C3" AI FPGA modules

Professional services business

Sales ¥214 million YoY change -¥80 million

- ¥125 million of the previous fiscal year's commissioned revenue related to NEDO's project "An Energy Efficient AI Engine and an Integrated Cloud of Heterogeneous AI engines" was stripped away (Became a subsidized project from this fiscal year, and recorded ¥47 million in non-operating income including revenue related to cancer companion diagnosis)
  On the other hand, commissioned revenue of 14 million yen was recorded with the start of the NEDO's "AI Edge Contest" project
- Mobility-related contract development projects including Yamaha Motor increased

Results Highlights: B/S

Increased equity through business and capital tie-up with Yamaha Motor

(Unit: million yen)	End of March 2019	End of December 2019	Amount change	Major factors
Current assets	2,063	2,667	+604	Cash & deposits +902, Accounts receivable -335
Non-current assets	320	879	+559	Investment securities +600
Total assets	**2,383**	**3,547**	**+1,164**	
Current liabilities	366	217	-149	Accounts payable -136
Non-current liabilities	18	18	-0	
Total liabilities	385	235	-149	
Total net assets	**1,998**	**3,312**	**+1,314**	Capital stock +742, Capital surplus +742, Retained earnings -167
Total liabilities and net assets	**2,383**	**3,547**	**+1,164**	

Full-Year Business Forecast

The full-year business forecast remains the same as the initial forecast announced on May 10

(Unit: million yen)	FY 03/2019 (Actual)	Nine months Dec 31, 2019 (Actual)	FY 03/2020 (Forecast)	YoY change	
				Increase-decrease amount	Increase-decrease rate (%)
Net sales	1,086	661	**1,300**	**214**	**19.6**
Operating income	28	-159	**30**	**2**	**3.6**
Ordinary income	33	-166	**30**	**-3**	**-9.9**
Net income	35	-167	**20**	**-15**	**-43.1**

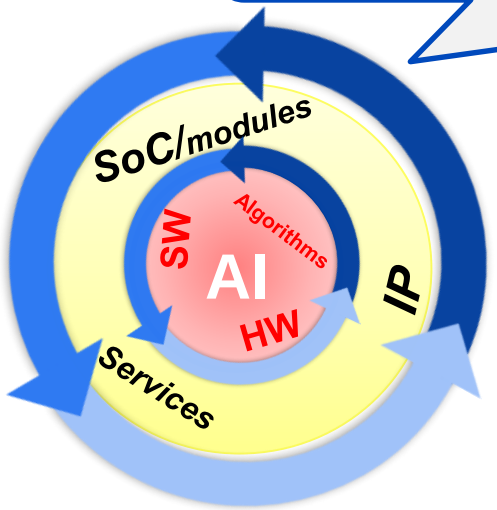
Forecast for the fourth quarter

- Steady shipments of "RS1" are expected to continue during the fourth quarter
- Large projects are expected in the IP core license business, resulting in higher overall profitability
- In the AI-related professional services business, an increase of commissioned projects from Yamaha Motor, drive recorder-related customers, license plate-related customers, and industrial customers is expected in addition to the revenue from the operation of "AI Edge Contest", a NEDO commissioned project

Blueprint for Future Growth

Evolve into the world's leading "AI Computing Company"

Integrated development of AI algorithms, software and hardware



Stable management foundation in the amusement market where we can win

Expand sales of RS1

Aiming for top share in amusement SoC

Expansion into the growing IoT/AI field

Development of ZIA platform

- Processor IP
- Software
- Modules
- Strengthening of ecosystem with partners
- Overseas expansion

AI solutions for Mobility / Industry

- Autonomous driving
- Robotics

Expansion of the SoC / Module Business

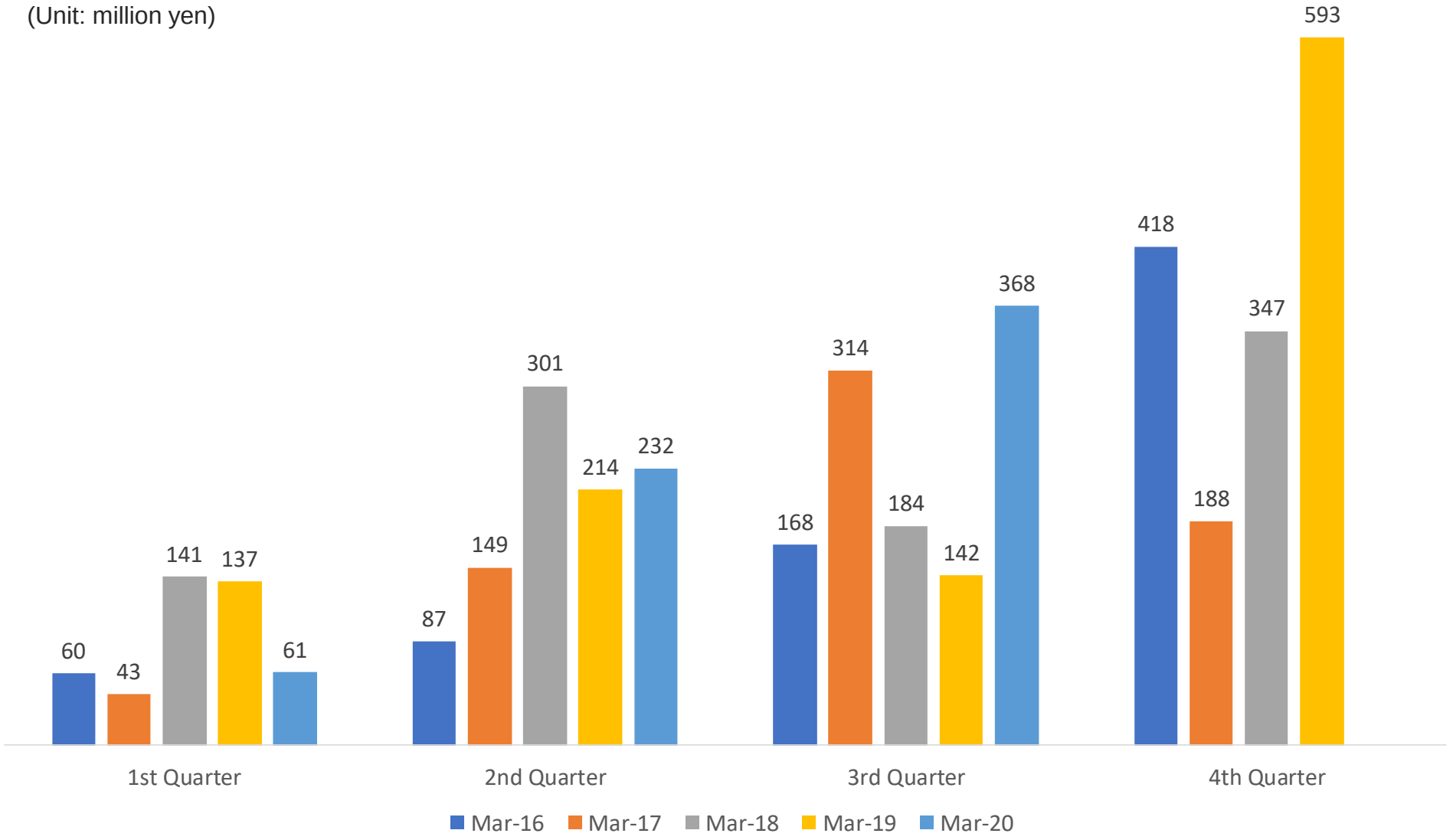
- High value-added modules
- High-volume AI products

Current position

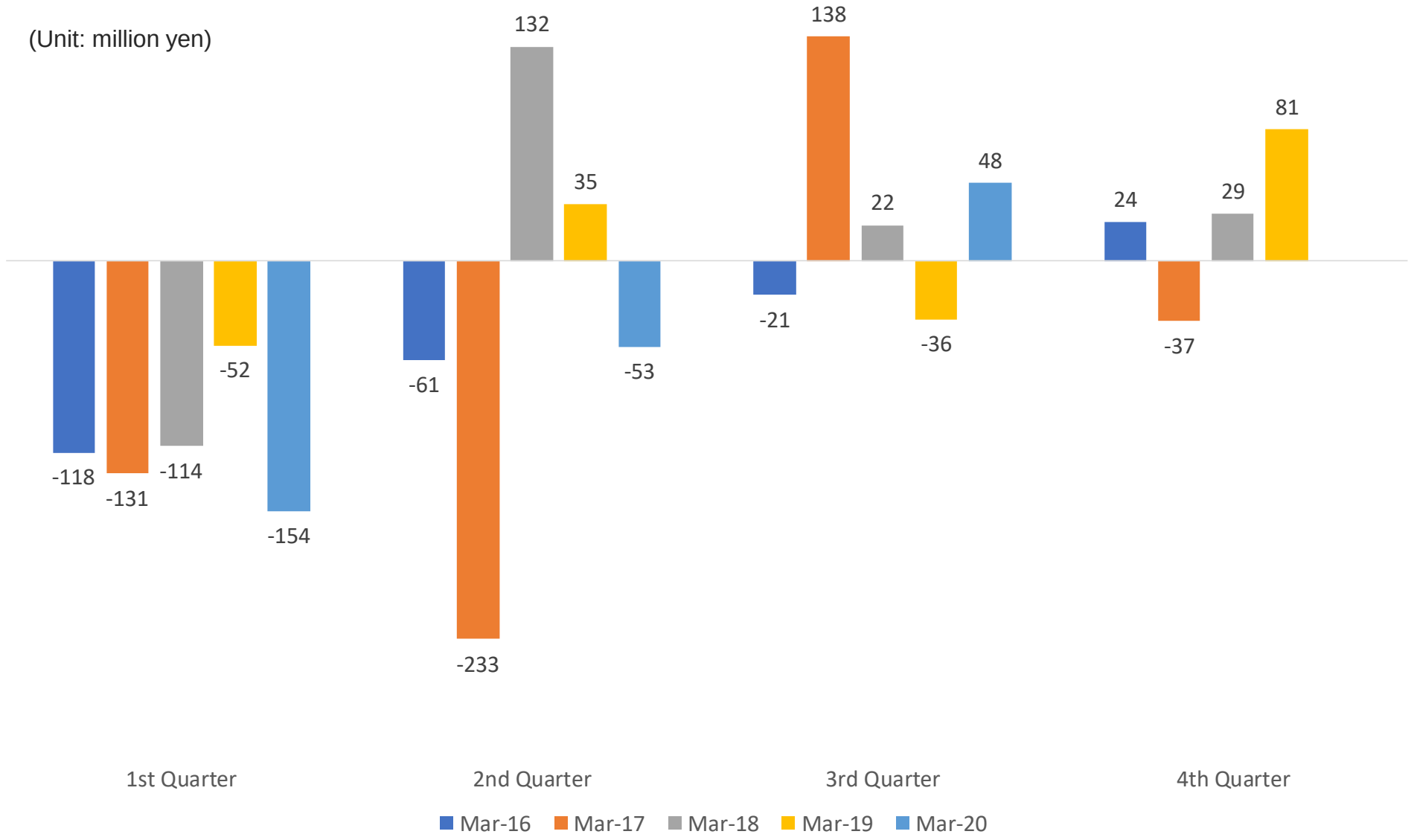
Phase 1 | Phase 2 | Phase 3

Reference) Quarterly net sales trend

(Unit: million yen)



Reference) Quarterly operating income trend



Reference) Major Activities (Fiscal Year Ending March 31, 2020)

Each item is linked to PR/IR news (in Japanese or English) of DMP's website.

Date of Announcement/Event	Details
April 3 - April 5, 2019	Partners exhibited ZIA™ C3 KITs at AI (Artificial Intelligence) EXPO
April 10, 2019	Release of ZIA™ C3 KIT Ver. 7.1
May 10, 2019	Business and capital alliance with Yamaha Motor Co., Ltd.
May 16, 2019	Image processing processor "RS1" adopted by ZEEG, a joint venture between Sammy and Universal Entertainment as units and parts for pachinko/pachislot machines
May 17, 2019	Acquired certification of International standard "ISO9001"
May 20 - May 23, 2019	Exhibit at "Embedded Vision Summit 2019" (Santa Clara, California, USA)
May 21, 2019	Release of ZIA™ DV720 IP Core
June 7, 2019	President Yamamoto invited to the Pitch to the Minister hosted by Mr. Takuya Hirai, Minister in charge of Information Technology Policy
June 12 - June 14, 2019	Exhibit at "Image Sensing Show 2019"
June 24, 2019	Release of ZIA™ C3 KIT Ver. 7.2
July 24, 2019	Mr. Takuya Hirai, Minister in charge of Information Technology Policy, visited DMP
July 30, 2019	Release of license plate recognition software "ZIA™ Plate"
August 7, 2019	"Research and development of AI hardware for AI pathology imaging system for cancer companion diagnostics" adopted as NEDO's "Project for Accelerating Innovative AI Chip Development"
October 1, 2019	Technical partnership with Computermind Corp. in an integrated environment spanning from creation of AI aimed at product visual inspections to implementation of edge AI
October 8, 2019	Image recognition engine ZIA™ Classifier is adopted for Hiyari-Hatto (near-miss) image analysis for DENSO TEN Drive Recorder
October 25, 2019	Adopted for NEDO project of "Survey of issues for finding ideas regarding Technology Development for AI Chip and Next-generation Computing for High-efficiency and High-speed Processing"
November 8, 2019	Going into full scale in professional services for safe driving support system development. Systemizing the necessary functions into "ZIA™ SAFE" for realizing the driver monitoring, Hiyari-Hatto (near-miss) detection, and tailgating detection systems using drive recorders
December 10, 2019	Joined the international industry organization "The Autoware Foundation" that aims at the industry standard for autonomous driving OS

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Forward-looking statements contained within this document are based on currently available information and involve risks and uncertainties, including macroeconomic conditions and trends in the industries in which we are engaged. As such, actual results may differ materially from those anticipated.