
VISUALIZE THE FUTURE



1st Quarter ended June 30, 2021

Financial Results Supplementary Information

Digital Media Professionals Inc.

August 11, 2021

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.

Company Profile	3
Group Business Description	4
1 st Quarter ended June 30, 2021 Results Highlights	
P/L	5
Net Sales by Business and Field	6
B/S	7
1 st Quarter ended June 30, 2021 Topics	8
Fiscal Year Ending March 31, 2022 Business Forecast	9
Reference) Major Activities since April 1, 2021	10

Company Profile



A fabless semiconductor vendor with experience as one of the world's leading GPU IP vendors since its foundation. In recent years, in order to become the world's leading "AI Computing Company," we are contributing to solving customer and social issues by providing end-to-end AI services from algorithm/software to hardware and from the edge to the cloud.

Company name	Digital Media Professionals Inc. (DMP)
Business content	IP license, SoC / module development & sales, and contract development services related to GPU and AI
Foundation	July 2002
Location	Nakano-ku, Tokyo, Japan
Representative	Chairman and CEO: Tatsuo Yamamoto President and COO: Tsuyoshi Osawa
Capital	1,838 million yen
Number of consolidated employees	65 (as of the end of March 2021)
Number of patents	35 cases
Consolidated subsidiary	Digital Media Professionals Vietnam Company Limited

Month / Year	History
July 2002	Founded
July 2005	Launched ULTRAY® Visual Processor
April 2007	PICA® Graphics IP Core received the Excellence in IP Prize of 9th LSI IP Design Award
April 2009	Launched SMAPH®-F Vector Graphics IP Core
November 2009	Launched SMAPH®-S 3D Graphics IP Core
June 2011	Listed on the Mothers market of the Tokyo Stock Exchange
May 2014	Business and capital alliance with UKC Holdings Corporation (currently Restar Holdings Corporation)
August 2016	Launched the new 3D graphics IP core "M3000" series
November 2016	Launched "ZIA™", an image recognition engine using deep learning
March 2018	Started mass production and shipment of next-generation graphics processor "RS1"
May 2019	Business and capital alliance with Yamaha Motor Co., Ltd.
May 2019	ISO 9001: 2015 Certified (Certification body: Intertek Certification Japan Ltd.)
April 2020	Established Digital Media Professionals Vietnam Company Limited
April 2021	Capital and business alliance with Cambrian Inc, USA

Group Business Description



Business	Description	Major Customers
IP Core*1 License Business	<p>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</p> <p>a) License fee: Compensation through offering IP core license in the process of developing products such as home appliances by customers</p> <p>b) Recurring revenue</p> <ul style="list-style-type: none"> •Running royalty: Compensation received according to the number of products incorporating IP core shipped by customers •Subscription fee: Compensation received from customers based on the actual use of our cloud services (PV: number of page views) <p>c) Maintenance and service fee: Revenue from maintenance of IP based on maintenance contract, etc.</p>	Semiconductor manufacturer/ Manufacturer of final product with embedded semiconductor
Product Business	<ul style="list-style-type: none"> •Development, manufacturing (outsourced) and sales of graphics LSI*4 (SoC*5) mainly for amusement equipment •Development, manufacturing (outsourced) and sales of AI LSI (FPGA*6) for AI equipment •Sales of vision system (object detection by camera) for collaborative robot*7, other 	Trading company/Sler Manufacturer of final product with embedded Semiconductor
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*8/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: Robot that can works together with people without safety fences

*8: 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.

Revenue grew mainly due to revitalization in the robotics field

(Unit: million yen)	1st Quarter ended June 30, 2020	1st Quarter ended June 30, 2021	Amount change
Net sales	229	250	+21
Operating income	-114	-95	+18
Ordinary income	-93	-95	-2
Net income attributable to owners of parent	-93	-96	-2

- Net sales in the IP license and product businesses were almost the same as the same period of the previous fiscal year, but operating loss improved due to increased sales in the professional service business mainly in the robotics field.
- Ordinary loss and net loss attributable to owners of parent worsened slightly year on year due to the absence of 21 million yen in subsidy income related to the NEDO projects, which was recorded as non-operating income in the same period of the previous fiscal year.

Results Highlights: Net Sales by Business and Field

- The number of business projects in PoC and practical use stage increased in the robotics field.
- IP licensing and professional services for new customers/projects are expected to be active from the second quarter in the safe driving assistance field.

● Sales by business

IP core license business **¥25 million** Same period last year **¥28 million**

- Recorded GPU running royalties for digital equipment, new IP license revenue for robotics field, and recurring revenue in safe driving assistance field
- Decrease in GPU-related maintenance and support revenue

Product business **¥171 million** Same period last year **¥166 million**

- Recorded sales of RS1 for mass production and camera modules for drones

Professional service business **¥53 million** Same period last year **¥34 million**

- Contracted AI development services, mainly for the robotics field, became more active, although contracted income from the NEDO project was lost.

● Sales by field

Safe driving assistance field **¥3 million** Same period last year **¥3 million**

- Recorded 2 million yen of recurring revenue (running royalties and subscription fees) (no revenue for the same period last year)

Robotics field **¥57 million** Same period last year **¥31 million**

- In addition to new IP license revenue, AI contract development projects are becoming more active.

Amusement field **¥171 million** Same period last year **¥166 million**

- Recorded sales of RS1 for mass production

Other **¥18 million** Same period last year **¥28 million**

- Contracted income from NEDO recorded in the same period last year was lost, although GPU running royalties for digital equipment were recorded.

Equity ratio remains high at 92.8%

(Unit: million yen)	End of March 2021	End of June 2021	Amount change	Major factors
Current assets	2,736	2,636	-100	Accounts receivable - trade and contract assets -77, Other -46
Non-current assets	740	763	+22	Investment securities +41 Software -13
Total assets	3,477	3,399	-77	
Current liabilities	208	226	+18	Accounts payable - trade +33
Non-current liabilities	18	18	+0	
Total liabilities	227	245	+18	
Total net assets	3,250	3,154	-95	Retained earnings -96
Total liabilities and net assets	3,477	3,399	-77	

Topics

Strengthening and accelerating efforts to develop products and services, expand customer base, and form technological alliances in focused fields

Robotics field

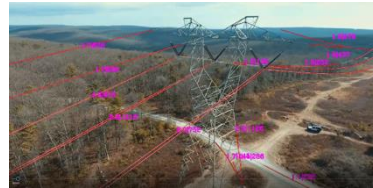
- Released ZIA™ MOVE

Released ZIA™ MOVE, an integrated software platform that includes ZIA™ SLAM, a high-precision SLAM software, and is fully equipped with perception, judgment, and operation functions required for automatic and autonomous driving of robotic vehicles.

ZIA™ SLAM evaluation kit is also available.

- Released "ZIA™ Wire"

Released "ZIA™ Wire," an AI recognition model for detecting power lines, fences and other wires for drones and unmanned robots.



- Started offering upgraded "ZIA™ ISP"

Released "ZIA™ ISP," an imaging signal processor (ISP) core that newly supports the high dynamic range (HDR) function of image sensors.

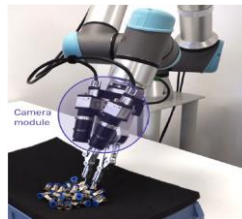
- Business projects in the PoC and practical use stages, including those with Yamaha Motor, are becoming more active.

Collaborating with Yamaha Motor on AI implementation in various products, including field tests

Active business projects with other customers, mainly in PoC

- Started promoting Cambrian's vision system

Started promoting vision systems for collaborative robots from Cambrian, a capital and business partner. Aiming to expand domestic market share with high-speed recognition, high picking success rate, and cost performance.



Safe driving assistance field

- Released ZIA™ Showcase, a platform for demonstrating and benchmarking the latest edge AI recognition models

By accessing AI recognition models related to ADAS and DMS supported by ZIA™ Showcase and multiple hardware, customers can easily evaluate and verify the optimal combination of AI recognition models and hardware online and in real time using their own data sets, thereby contributing to the efficiency of product development.



→ Robotics field is also covered starting with ZIA Wire.

- Adopted for new projects by new and existing customers

Acquired new projects for new and existing customers, leveraging the strength of our integrated edge (ZIA™ SAFE) to cloud (ZIA™ Cloud SAFE) support and flexible billing model.

- Continued adoption of ZIA™ C3 module for perimeter monitoring of commercial vehicles

Adopted for mass production project following the previous fiscal year



Q1 sales and large-scale order (to be delivered to the customer from the second through the fourth quarter) for the "RS1" image processing semiconductor for the amusement market totals 1,150 million yen, which exceeds the initial RS1 sales forecast of 840 million yen.

(Unit: million yen)	FY 03/2021 (Actual)	FY 03/2022 (Forecast)
Net sales	1,009	1,500
Operating income	-425	-250
Ordinary income	-361	-250
Net income attributable to owners of parent	-364	-252

- Q1 net sales grew mainly due to the activation of the Robotics field, while profit (loss) level was almost the same as the same period last year.
- From Q2 onward, IP licenses and professional services for new customers/projects are expected to be active in the safety driving assistance field. In the robotics field, an increase in business projects is expected to continue in the PoC and practical use stages.
- There is no change to the full-year consolidated business forecast announced on May 14, 2021 at this moment. The impact of the large-scale order for RS1 on the consolidated business forecast will be closely examined, and if there is anything that needs to be disclosed, it will be announced promptly.

Reference) Major Activities since April 1, 2021

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

Date of Announcement/Event	Details
April 9, 2021	<u>Capital and Business Alliance with Cambrian Inc, USA, a Developer and Seller of Vision System for Collaborative Robots</u>
April 9, 2021	<u>Notice of Medium-term Business Direction</u>
April 9, 2021	<u>DMP, Launch External Sales of Camera System, the Result of Collaboration with Yamaha Motor</u>
April 23, 2021	<u>Released ZIA™ Showcase</u>
May 14, 2021	<u>Notice of Medium-term Business Plan</u>
May 14, 2021	<u>DMP developed ZIA™ MOVE, an integrated software platform for automatic and autonomous driving for robotic vehicles</u>
May 14, 2021	<u>DMP Developed ZIA™ Wire, Wire-Detecting AI Recognition Model for Drones</u>
June 23-25, 2021	<u>Collaborative Robot Demonstration Using DMP's Safety Monitoring AI Recognition Software at Ryosan's Booth at INDUSTRY-FRONTIER 2021</u>
June 29, 2021	<u>DMP to Start Providing ZIA™ ISP that supports HDR Function of Sony's IMX390 Image Sensor</u>
June 29, 2021	<u>Presentation at a Webinar Hosted by PALTEK (Proposal of High-definition Image Processing Kit and AI Inference Module Suitable for Robotics/AGV)</u>
July 7, 2021	<u>DMP, ITD Lab Work Together in the Robotics Field</u>
August 11, 2021	<u>Notice of Large-scale Order for RS1, Image Processing Semiconductor for the Amusement Market</u>

<Inquiries>

Digital Media Professionals Inc. Corporate Planning Department

Tel. +81-3-6454-0450

URL: <https://www.dmprof.com/en/ir/>

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.