

This document has been translated from the Japanese original for reference purposes.
In the event of any discrepancy between this document and the Japanese original, the latter shall prevail.

VISUALIZE THE FUTURE



Business Plan and Growth Potential

Digital Media Professionals Inc.

October 12, 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 overview
- Business model and competitive advantage
 - Business model / Revenue cycle
 - Competitive advantage
 - Revenue / Cost structure
- Market trend
- Growth strategy / Business plan
- Risk information
- Handling of this material
- Supplementary material

Company overview

Company Profile



We are a fabless semiconductor vendor with a proven track record as one of the world's leading GPU IP vendors since its founding. 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 |

Focused businesses / fields and sales (composition) (March 2021)

● Business

IP core license ¥144M (14%)

- AI/GPU IP core license
- AI software license



Product ¥658M (65%)

- Graphic processing LSI for amusement market
- AI FPGA module
- Vision system for collaborative robot



Professional service ¥206M (20%)

- AI algorithm, computer-vision software contracted development
- FPGA/board contracted development
- Customer product/service development support in safe driving assistance and robotics fields



● Field

Safe driving assistance ¥49M (5%)

- Provision of AI licenses, products, and professional services for advanced driver assistance systems and driver monitoring systems that utilize dash cams, etc.



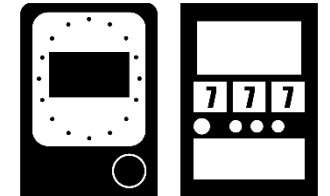
Robotics ¥166M (16%)

- Provision of AI licenses, products, and professional services for robotic products (robotic vehicles, collaborative robots)



Amusement ¥646M (64%)

- Provision of products and support for the amusement market (amusement machines)



Other ¥148M (15%)

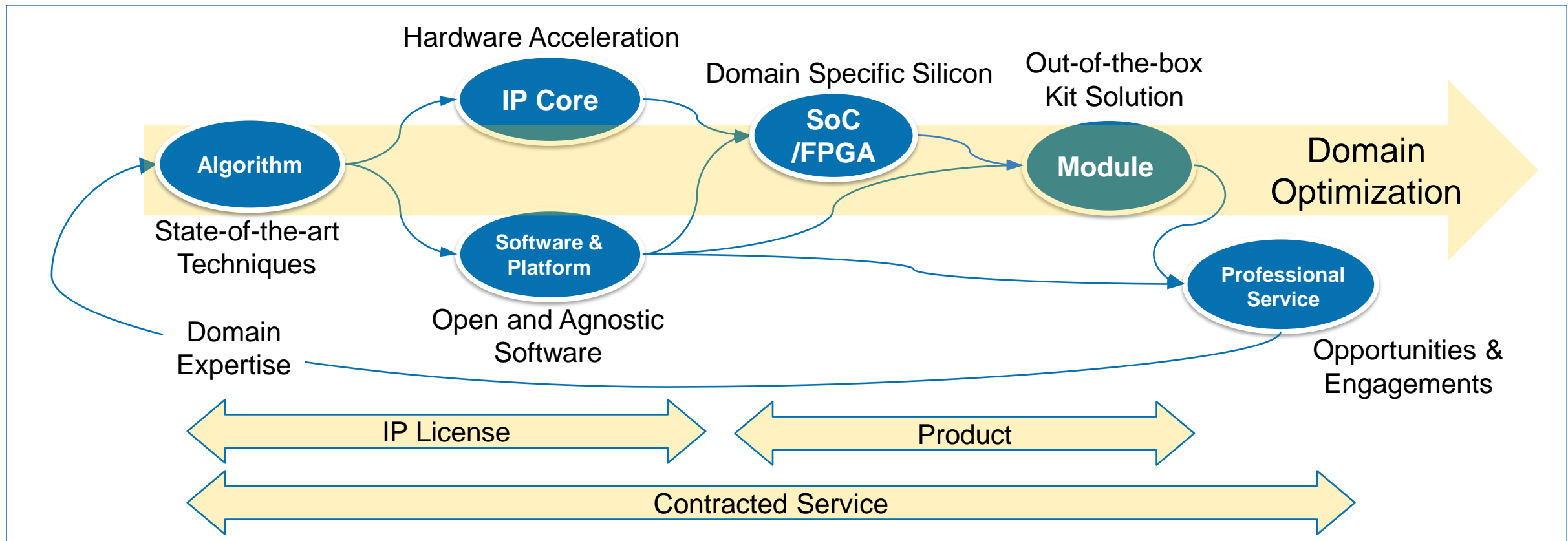
- Provision of IP core licenses (initial license, running royalty) for digital devices, etc.
- Other



Business model and competitive advantage

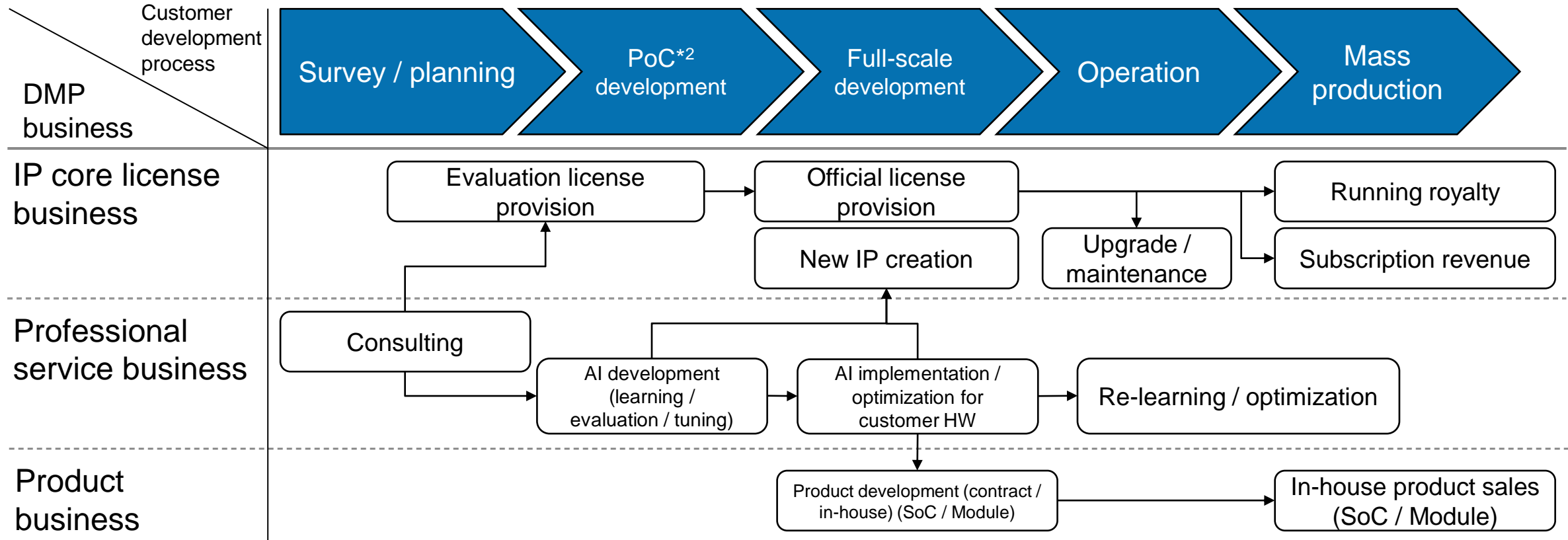
Business model

- Integrated development of algorithms, software, and hardware (domain optimization)
- Flexible value proposition and monetization model through licenses, products and professional services
- Build a well-balanced profit structure of highly profitable "IP core license business", scale-seeking "professional service business", and "Product business"



Revenue cycle

- Providing added value and maximizing LTV*¹ (Lifetime Value) of customers over the entire development life cycle (from planning to mass production) of customer products
- By developing and providing standard products and services based on the technology and know-how cultivated in customer projects, we will strive to respond flexibly and quickly to customer development and improve profitability.



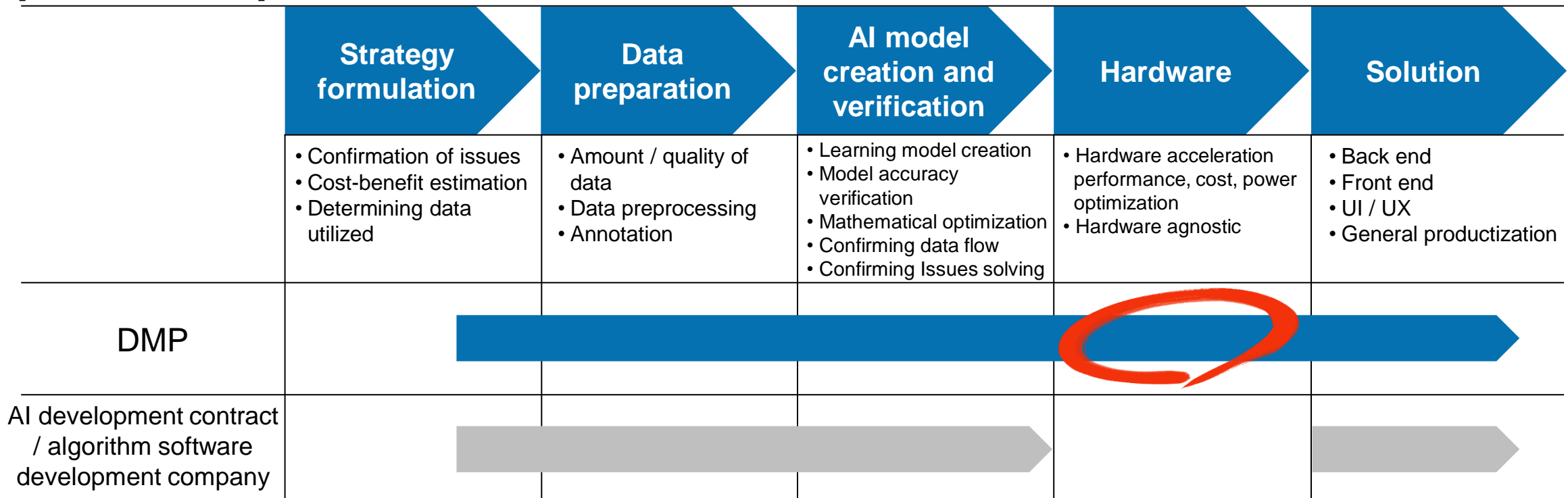
*1 LTV: Abbreviation for Lifetime Value. The profit earned from the beginning to the end of transactions with a customer (customer lifetime value)

*2 PoC: Abbreviation for Proof of Concept. Verification and trial about feasibility before introducing a new concept, theory or principle in full scale

- Providing comprehensive AI solutions including hardware acceleration*
- Differentiation points are optimization of acceleration performance, cost, and power consumption, which are specialized for the customer domain

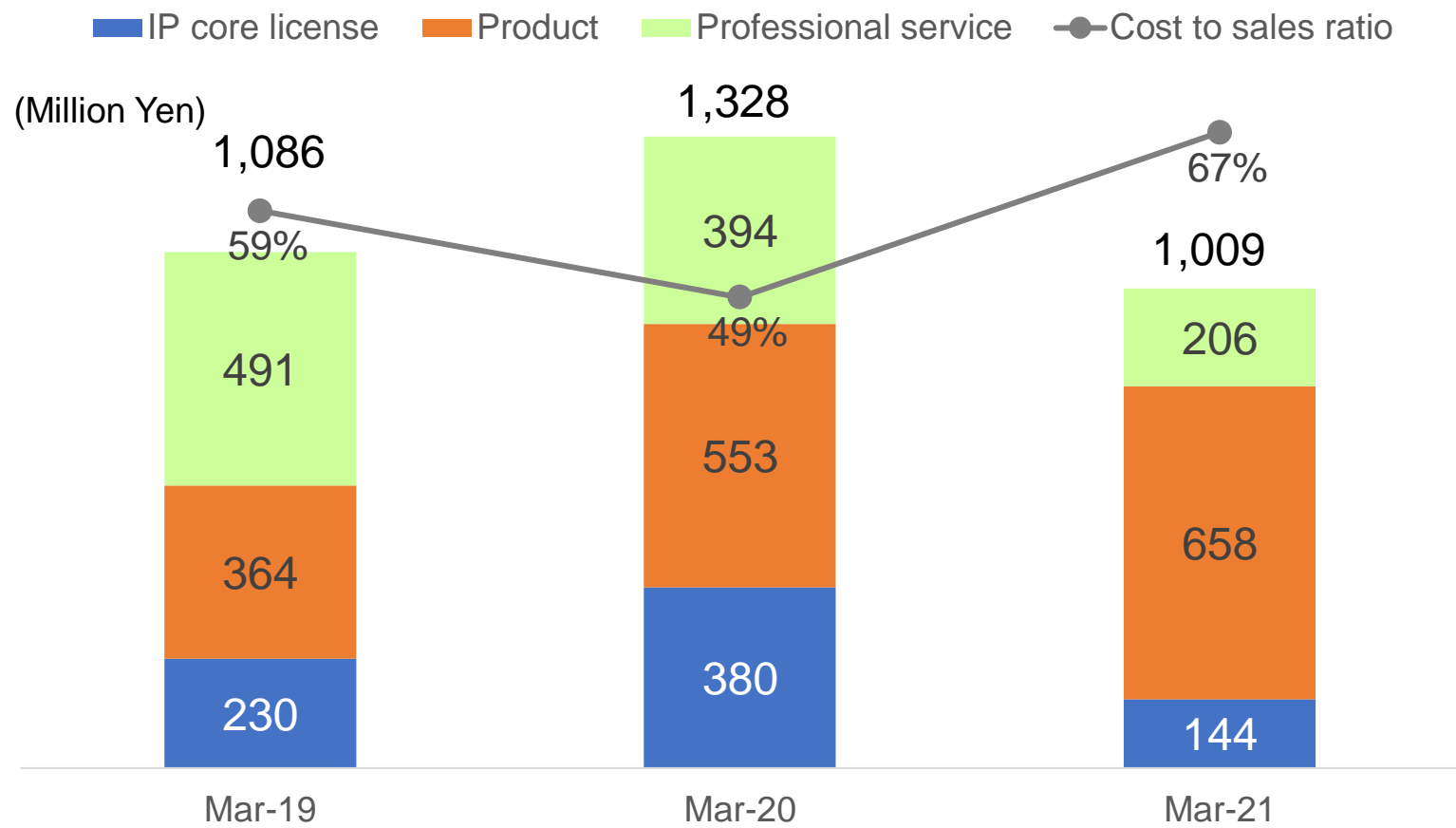
*Hardware acceleration: Rewriting part or all of the algorithm or system description written in C language software into hardware (RTL) and combining software and dedicated hardware to improve performance.

[Service function]



Source: DMP's Industry Analysis (Reference: Nomura Securities Industry Research Report No. 242)

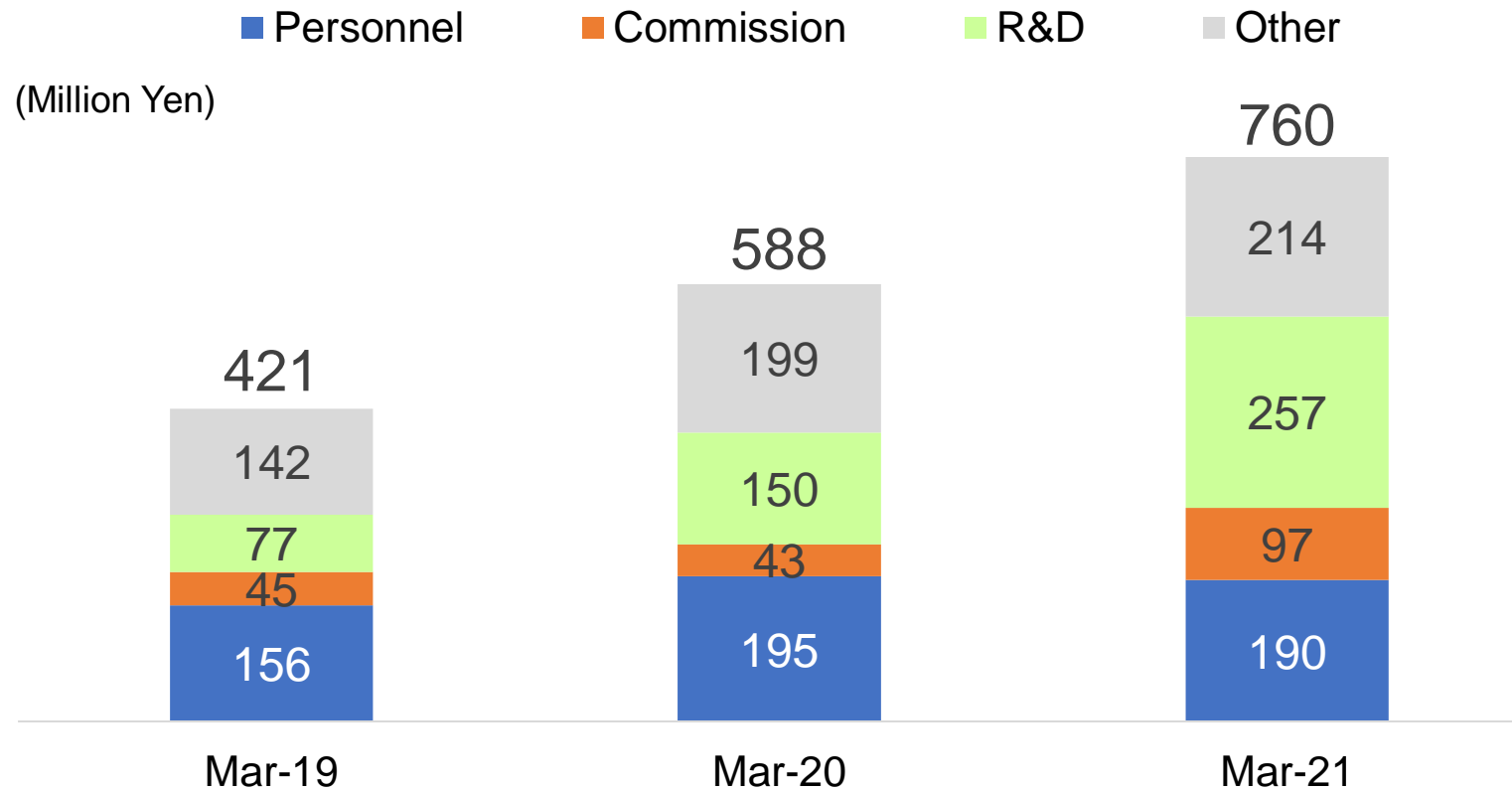
Cost to sales ratio rises with increase in product sales (ratio) and falls with increase in IP core license sales (ratio)



Note: Non-consolidated basis for the fiscal year ended March 31, 2019 and March 31, 2020, and consolidated basis for the fiscal year ended March 31, 2021

Cost structure

- SGA (selling, general and administrative expenses) are mainly R&D and personnel expenses.
- R&D expenses increased due to the development of technologies and solutions for medium-term growth. R&D expenses are expected to remain at the same level as in FY 2021 March since we have developed the base technology.



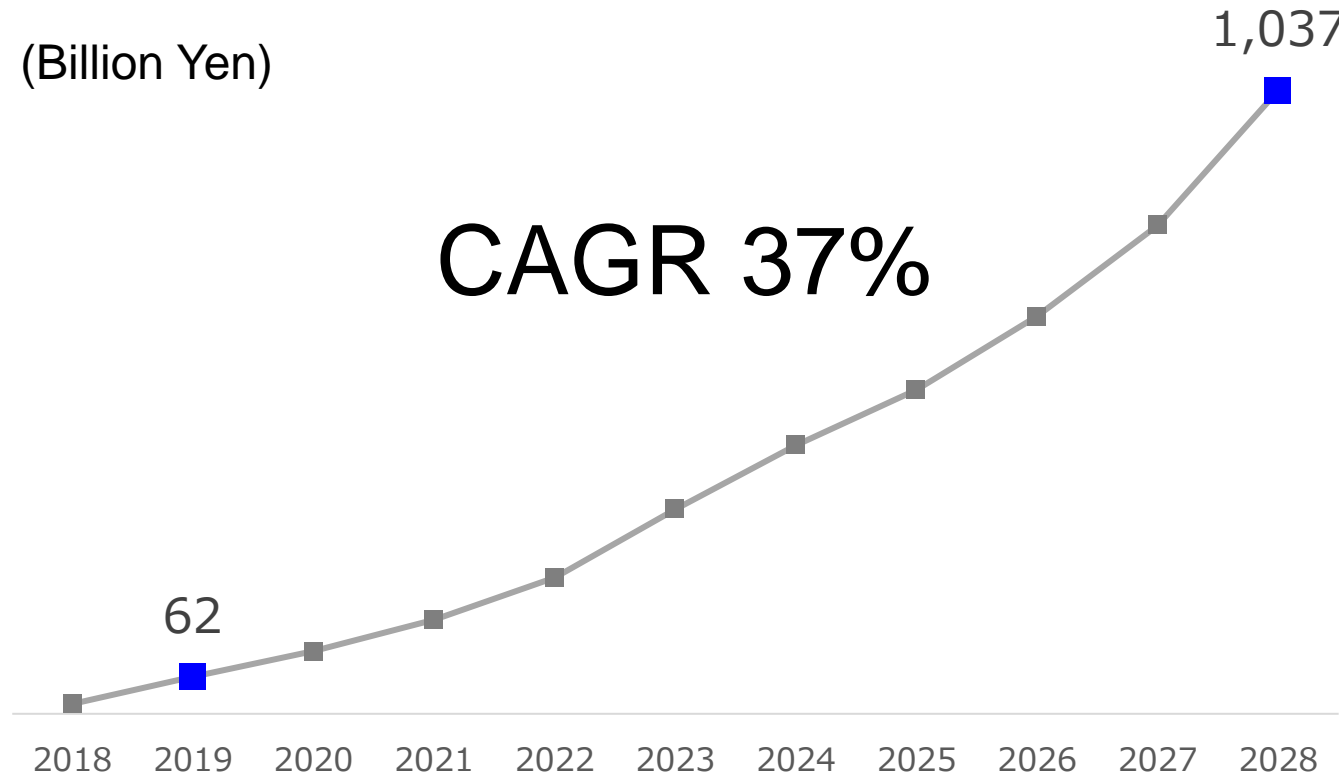
Note: Non-consolidated basis for the fiscal year ended March 31, 2019 and March 31, 2020, and consolidated basis for the fiscal year ended March 31, 2021

Market trend

Demand for autonomous robotic vehicles is expected to grow at various sites such as manufacturing, logistics, agriculture, and homes for labor saving and productivity improvement.

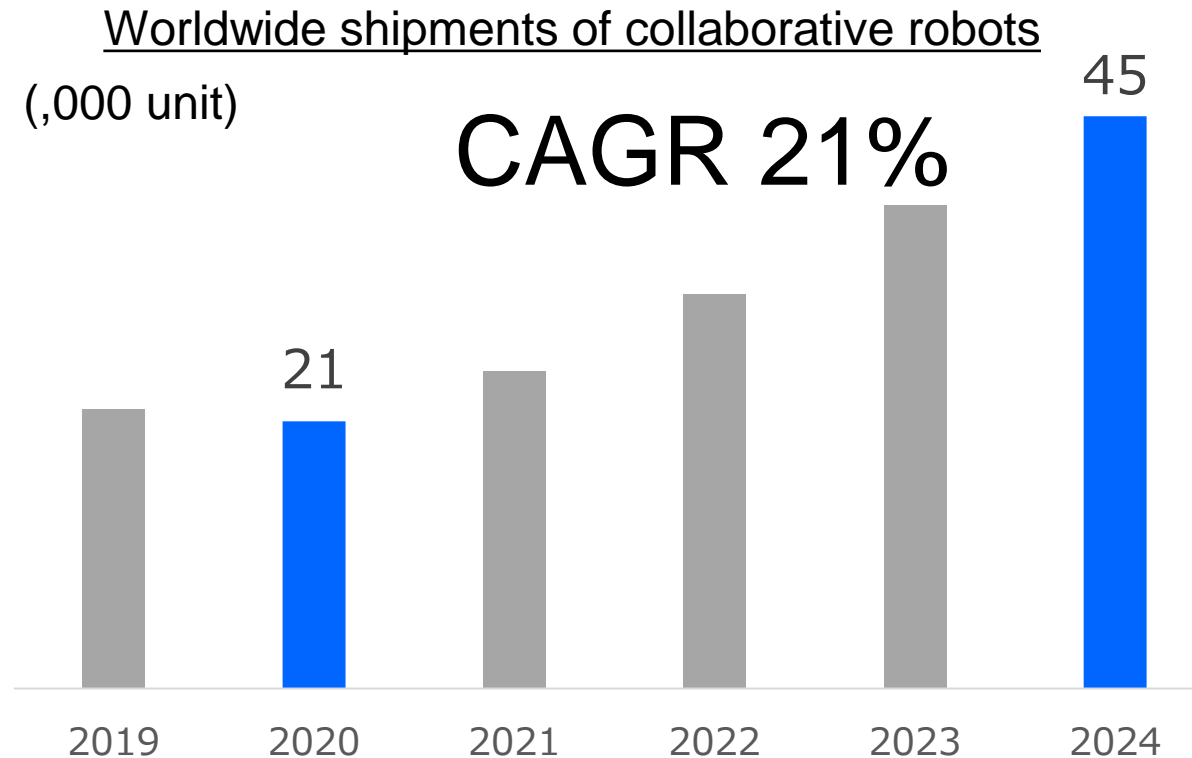
Robotic Vehicle AI Related Computing Hardware Global Market

(Billion Yen)



Source: Yole Développement

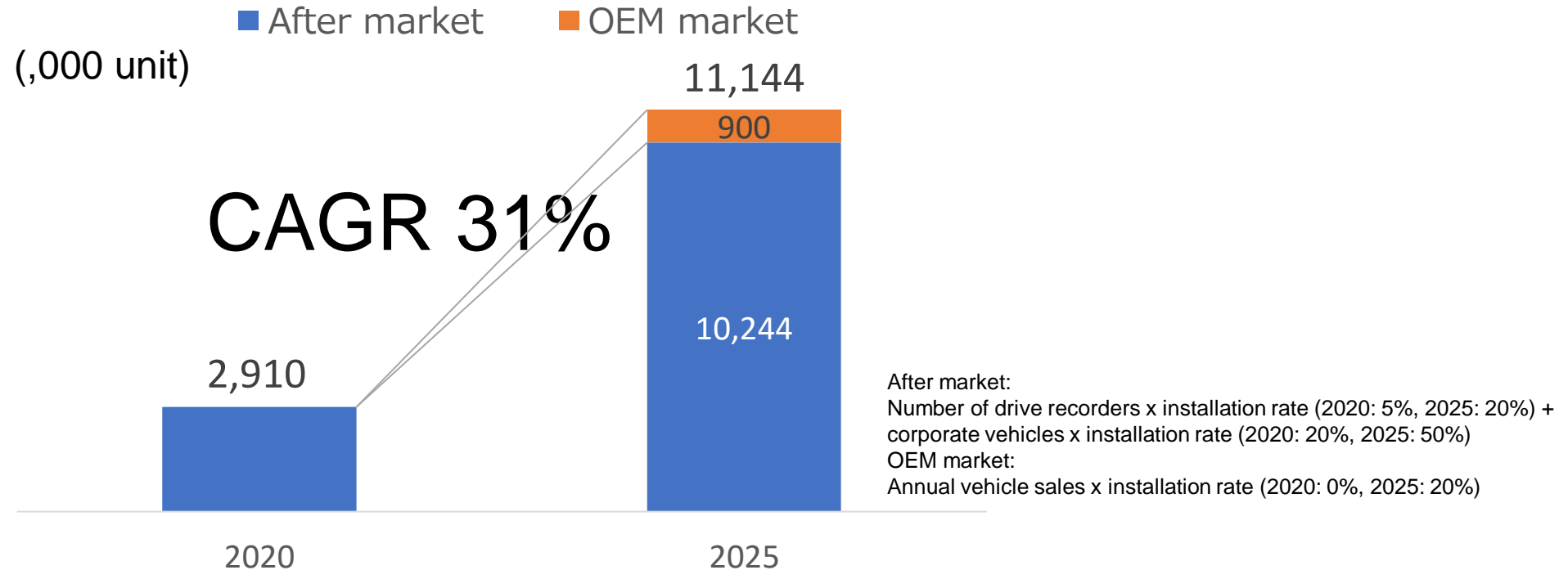
- With the background of labor shortage and prevention of COVID-19 infection, introduction at manufacturing and distribution sites is progressing, and application to food, pharmaceuticals, and cosmetics industries is also progressing.
- It is expected that the installation rate of AI vision systems that detect and recognize objects with cameras will also increase.



Source: Global Information

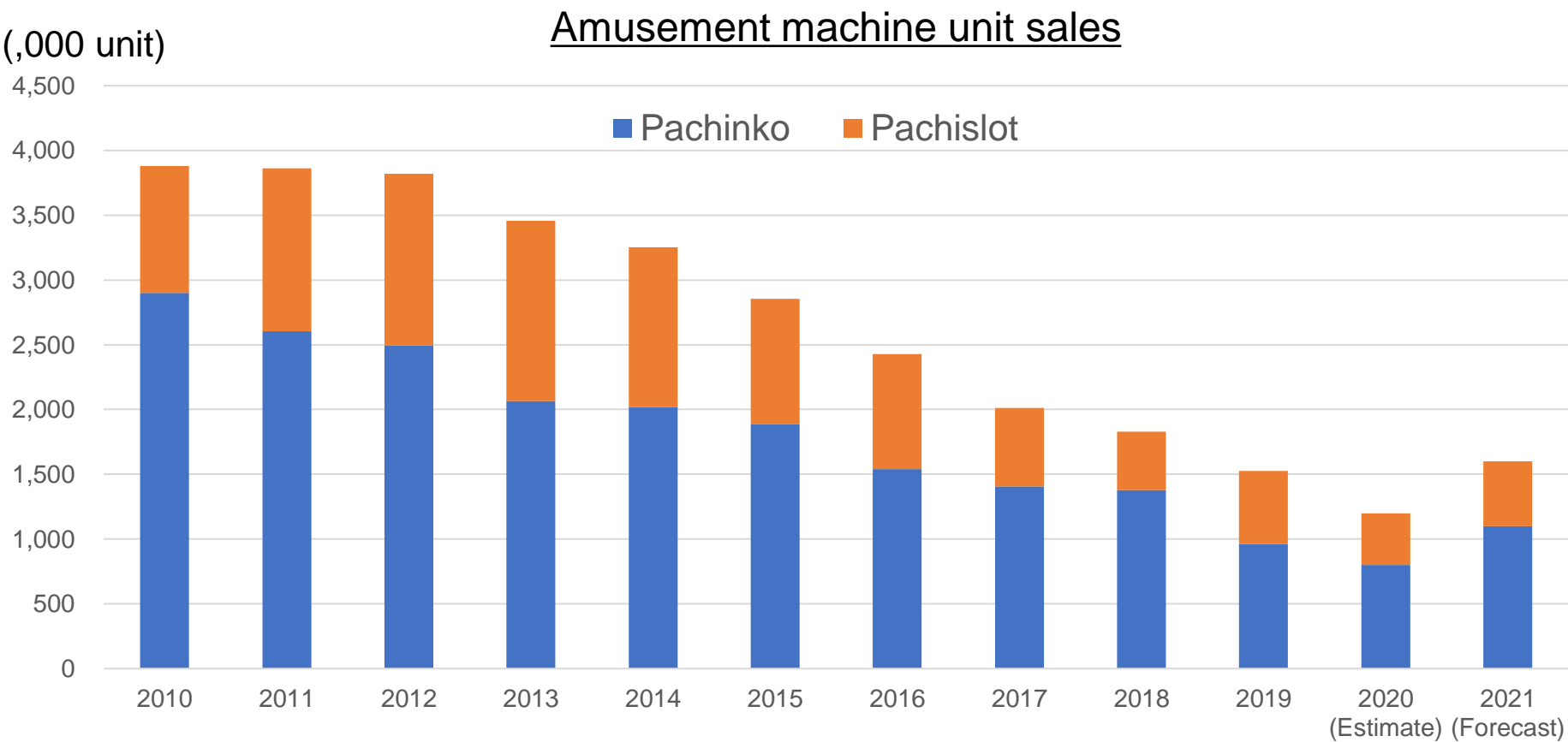
The expansion of the aftermarket as well as the rise of the OEM market can be expected due to the enforcement of the revised Road Traffic Act, the expansion of automobile insurance with a dashcam special contract, and the demand for safe driving education for corporate vehicles

Dashcam with AI / communication function domestic market



Source: Automobile Inspection & Registration Information Association, Japan Automotive Leasing Association, Japan Trucking Association, Japan Automobile Dealers Association, Ministry of Land, Infrastructure, Transport and Tourism, Japan Electronics and Information Technology Industries Association, and DMP's estimate for installation rate

- Although the market continues to decline, it still has a scale of over 1 million units
- Demand for replacement of old rule machines with new rule machines in 2021



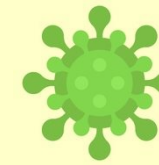
Source: Yano Research Institute, Estimate and forecast are from Daiwa Securities Report
"Amusement Machine Market Outlook," March 30, 2021

Growth strategy / Business plan

Increasing momentum for society, politics, and the business world to overcome major social and environmental issues such as "declining birthrate and aging population," "COVID-19," and "climate change"



Social and environmental issues



We regard changes in the social environment as opportunities and strive to realize CSV (Creating Shared Value) management, which will enable us to earn profits and increase our corporate value by contributing to the resolution of social and environmental issues.

- Focusing on the safe driving assistance and robotics fields, which are expected to grow in the market size and contribute to solving social and environmental issues, and which can be differentiated by utilizing graphics technology, which has been one of our strengths since our founding, and AI (artificial intelligence) and deep learning technologies derived and cultivated from this technology
- In the amusement field, where the absolute size of the market is large, we will aim to expand our share in the market segment where we can demonstrate the superiority of our unique 2D/3D integrated chips.

Mega topic

Social & environmental changes / issues

DMP's Initiatives

Declining birthrate
and aging
population

- Declining working population
- Key workers' overwork
- Skill transfer issue
- Increase in elderly car accidents
- Existence of vulnerable road users
- Infrastructure aging

- Contributing to productivity improvement, work efficiency improvement, labor saving to complement and mitigate the decrease in the working population, hard work, and COVID-19 damage by making efforts for automation and autonomy in the field of robotics
- Contributing to real-time accident prevention and safe driving education based on near-miss events by providing safe driving assistance services
- Contributing to MaaS promotion through autonomous driving technology
- Providing a VR (Virtual Reality) environment for customer development projects
- Contributing to a global low-carbon society by reducing the power consumption of hardware (IP)
- Contributing to infrastructure inspection by utilizing AI image recognition technology

COVID-19

- Progress of remoteization and online
- Digital shift
- Expansion of EC (electronic commerce)
- Decrease in foreign workers

Climate change

- Rise in average temperature due to greenhouse effect
- Increase in natural disasters
- Decrease in agricultural production and food

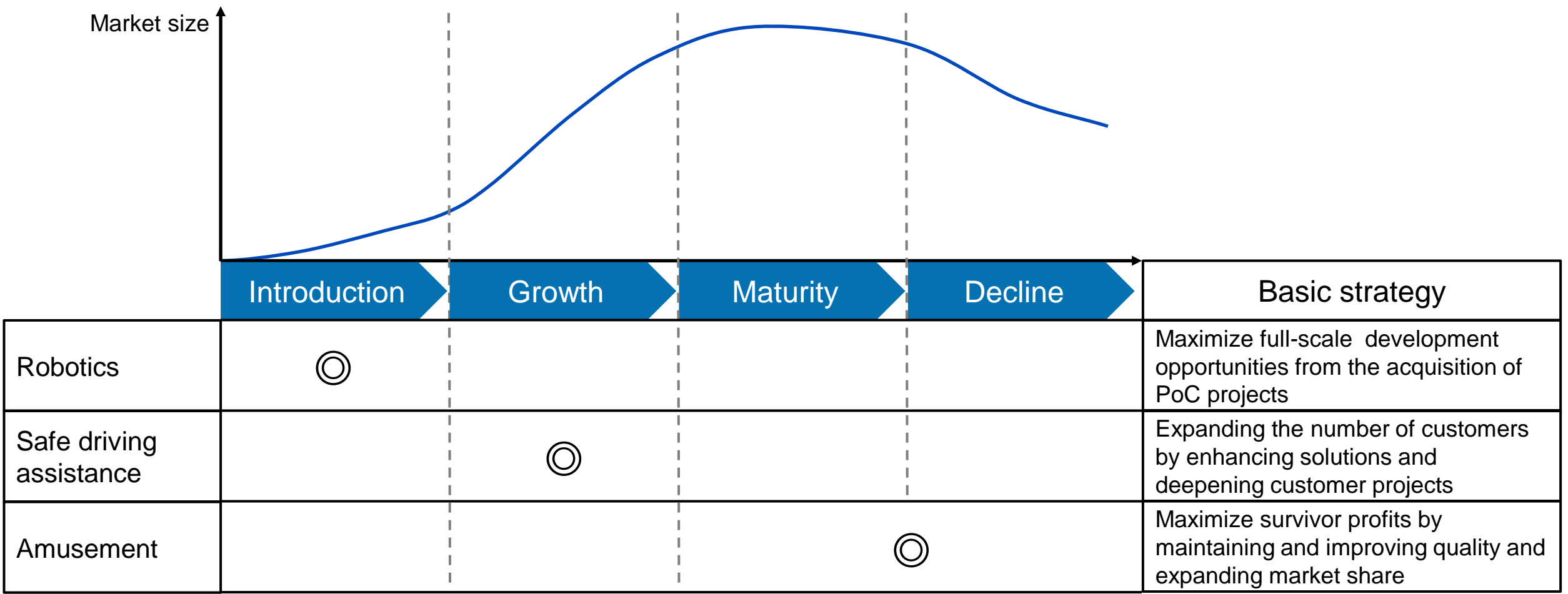
Contribution to SDGs



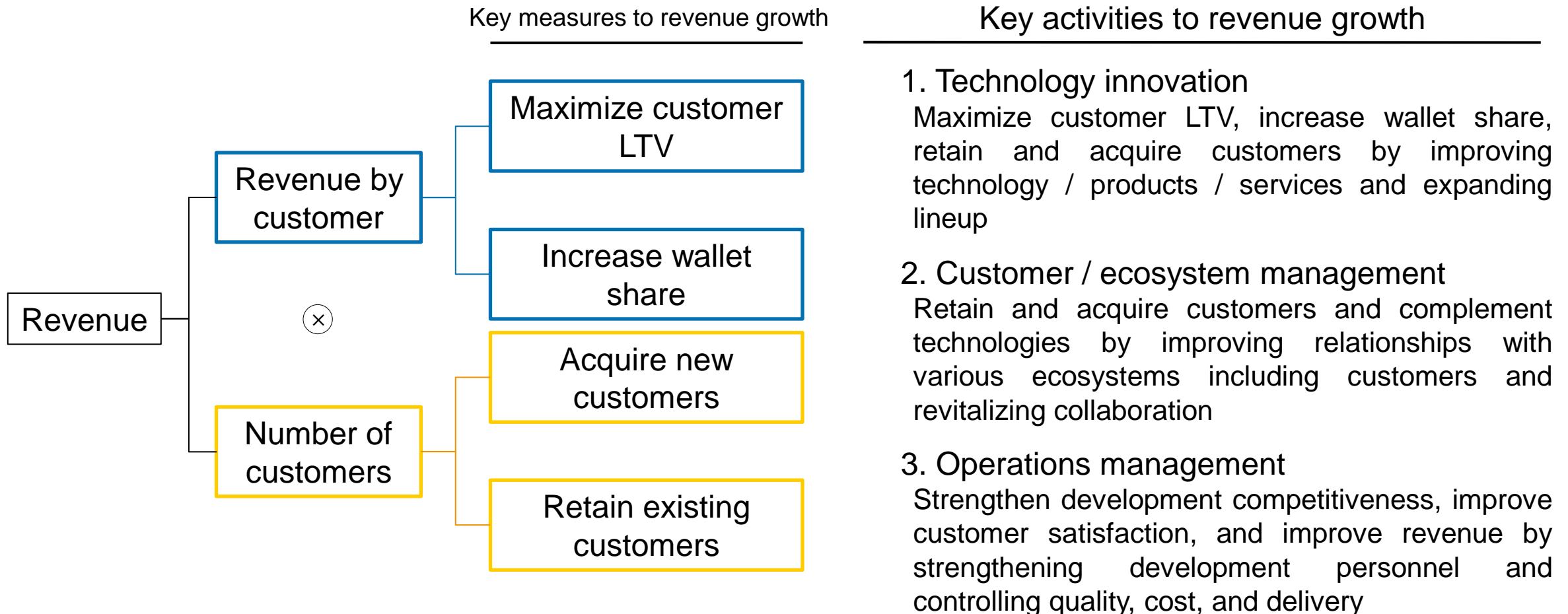
Main business market life cycle and basic strategy



- Apply business know-how and business models in the field of safe driving assistance including the recurring business to the growth of the robotics field
- In the amusement field, reaping profit is carried out with the risk of increased market volatility due to COVID-19 in mind



Maximize revenue through technology innovation, customer / ecosystem management, and operations management

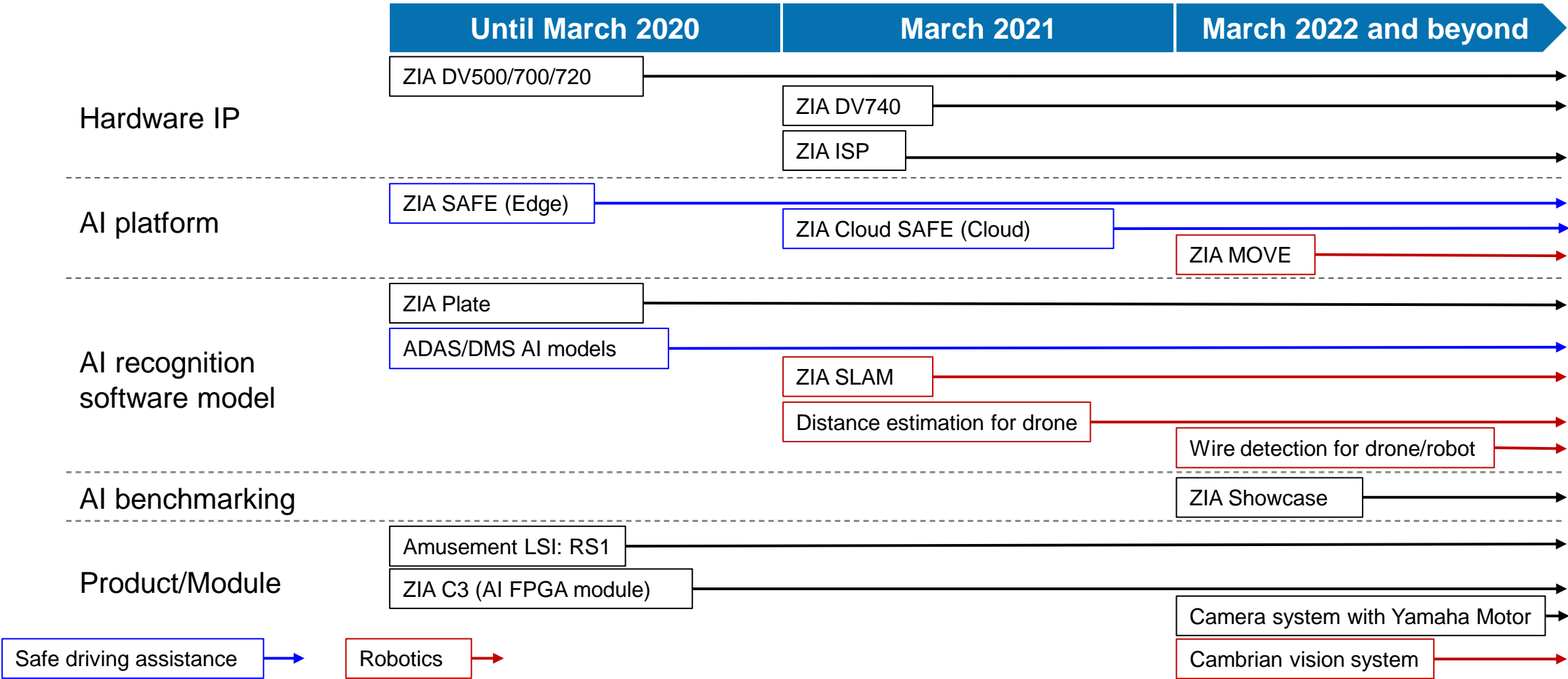


Key activities for revenue growth

Technology innovation



Increase the value provided, maximize customer LTV, increase wallet share, retain and acquire customers by improving various technologies / products / services, expanding the lineup, and organically combining them

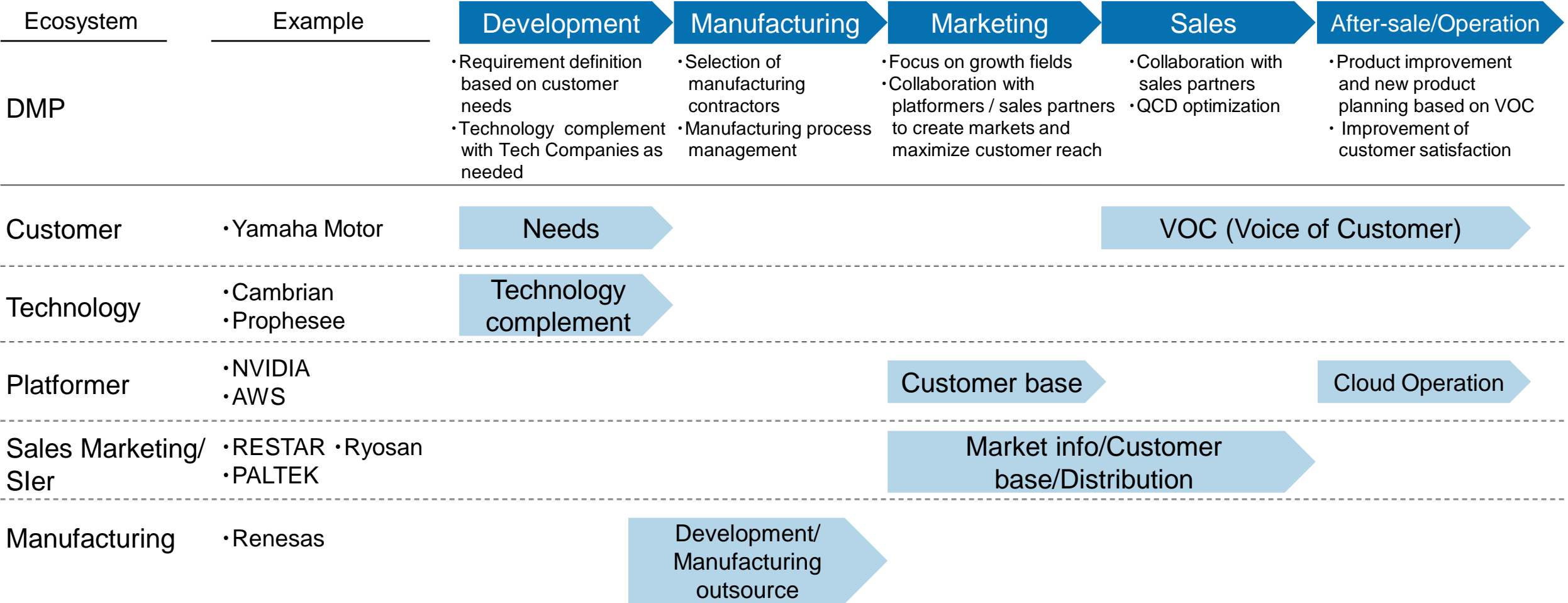


Key activities for revenue growth

Customer/Ecosystem management



Retain and acquire customers and complement technologies by improving relationships with various ecosystems including customers and revitalizing collaboration

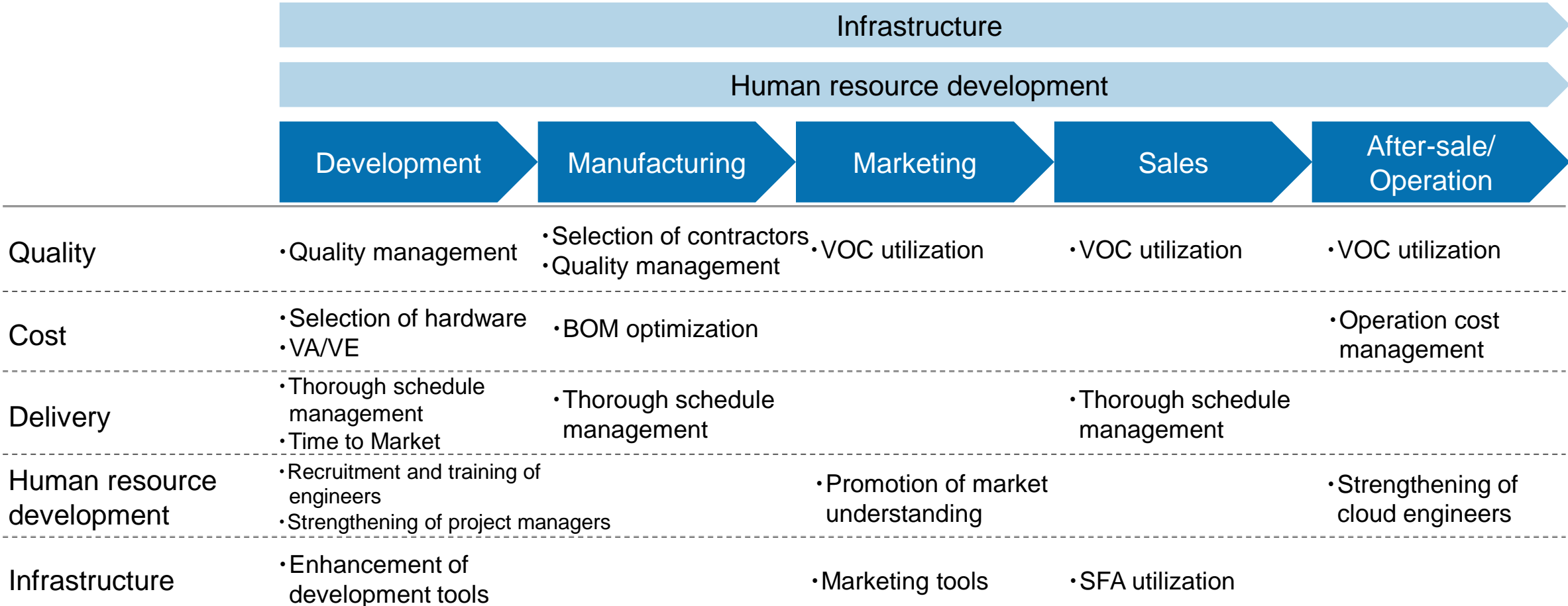


Key activities for revenue growth

Operation management

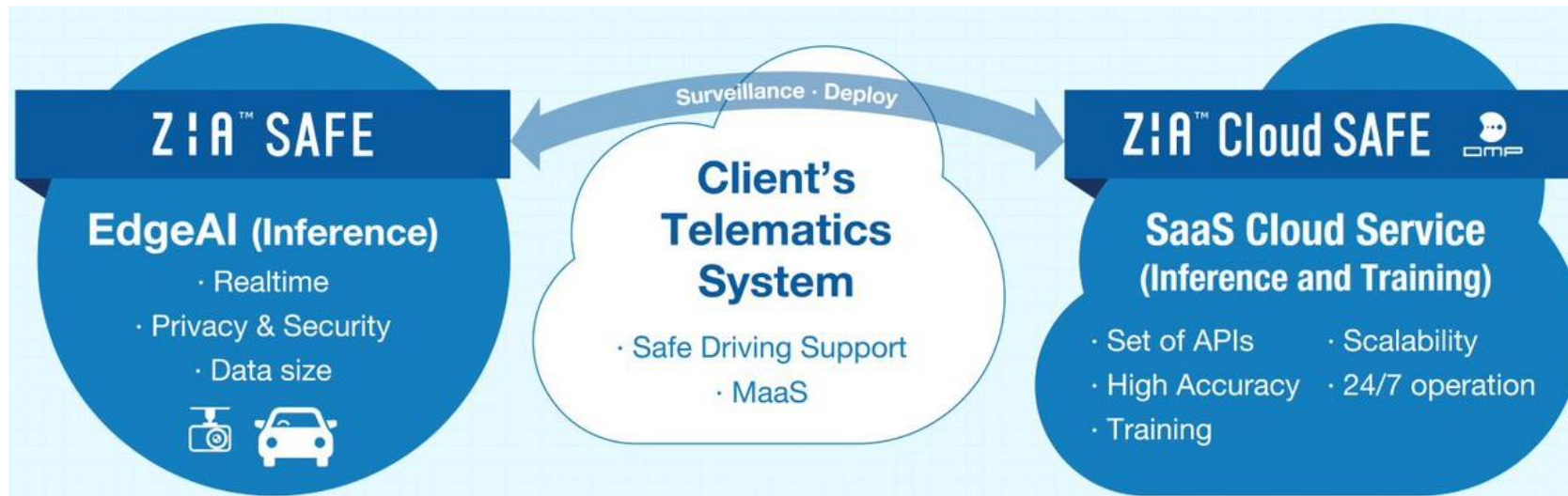


Strengthen development competitiveness, improve customer satisfaction, and improve revenue by strengthening development personnel and controlling quality, cost, and delivery



Aim to become a market leader by cultivating existing customers' projects and developing new customers through our competitive advantage of being able to provide integrated services from the cloud to the edge

- AI recognition model with a proven market record in near-miss image analysis and DMS
- Comprehensive support from the edge (ZIA SAFE) to the cloud (ZIA Cloud SAFE)
- Flexible response to customer needs with running royalty and subscription license models
- Compatible with various hardware (strongly support customer's device by professional services)

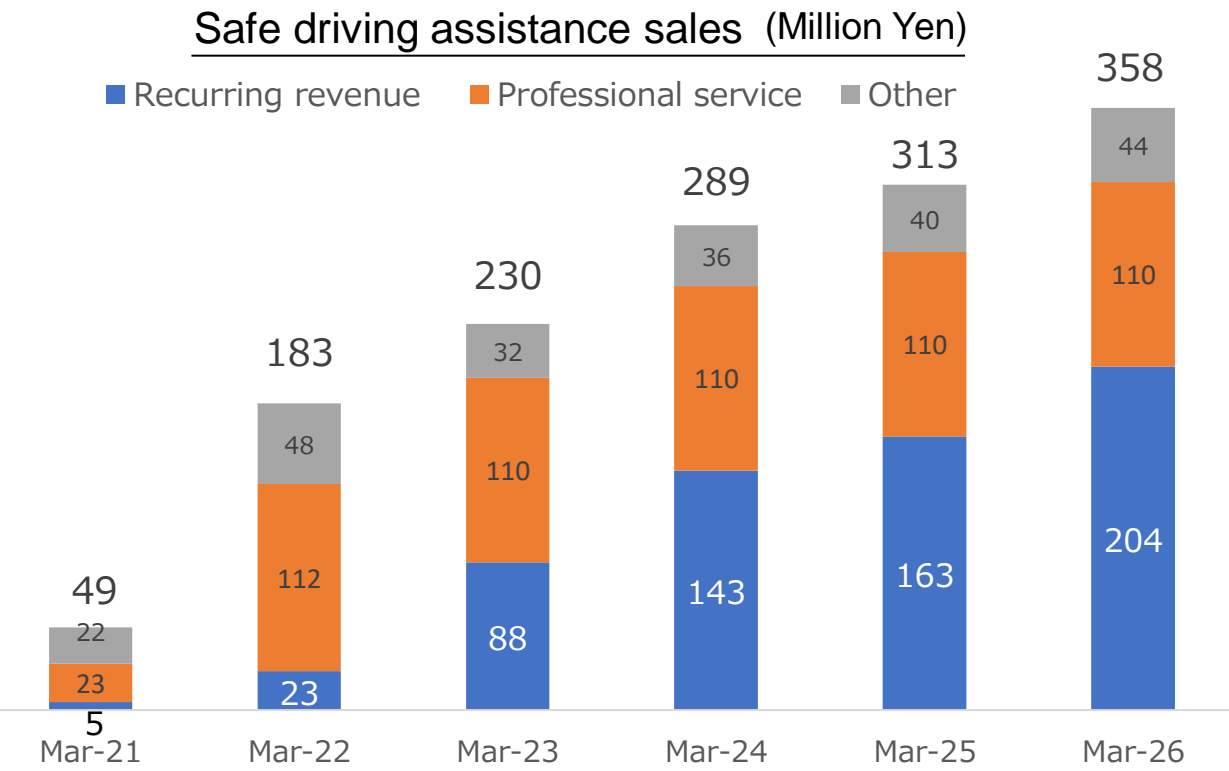
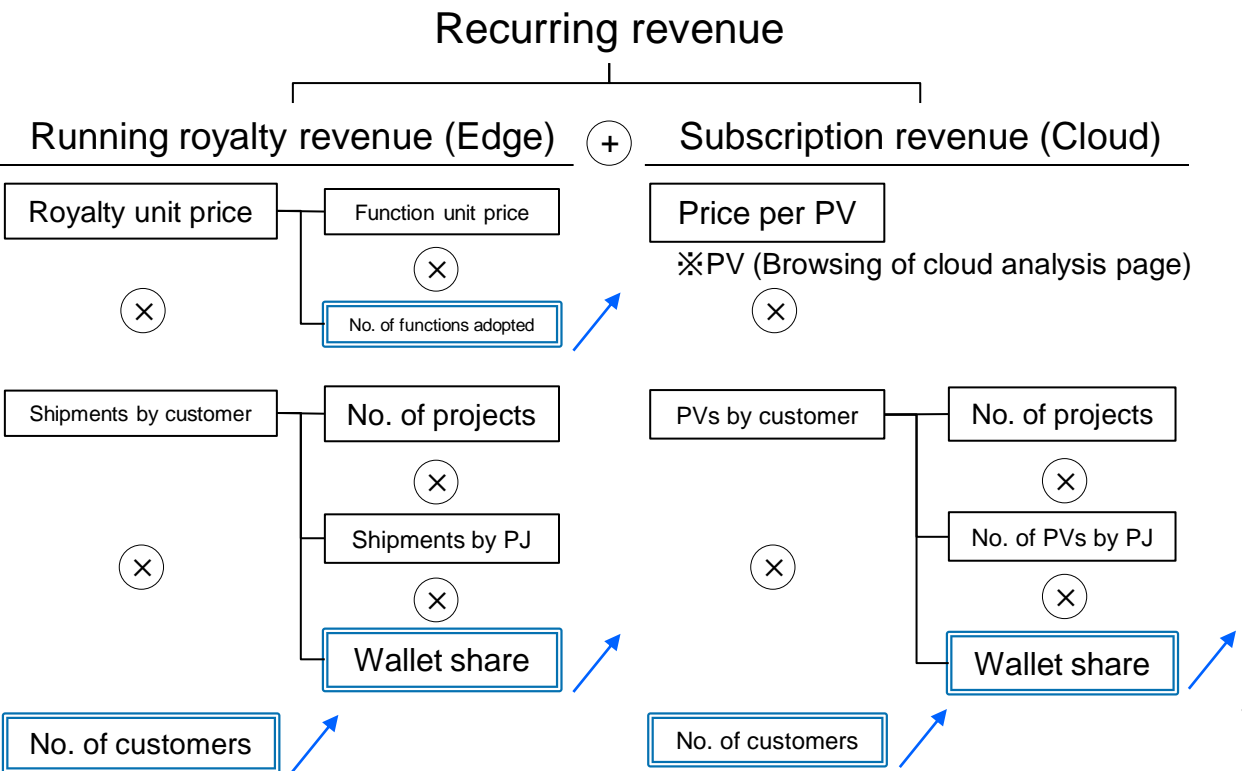


Focus area numerical target

Safe driving assistance

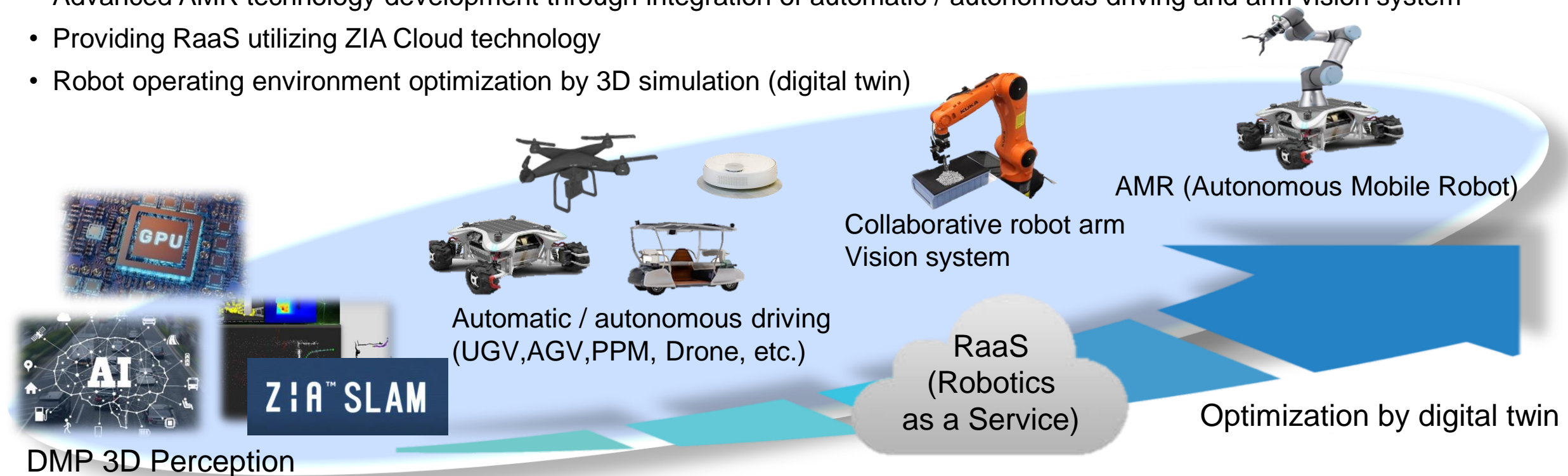


- Flexibly respond to customer needs and secure stable revenue by recurring business
 - Increase the wallet share and the number of customers by improving/adding functions / performance of ZIA SAFE (edge) and ZIA Cloud SAFE (cloud) launched in the fiscal year ended March 2021 (Recurring revenue ratio: 10% for the fiscal year ended March 2021 → 57% for the fiscal year ending March 2026)
- Provide professional services tailored to customer project requirements



Aim to expand share of vast market by acquiring PoC projects of customers with high potential followed by maximizing full-scale development opportunities through enhancing the technology portfolio for robotics

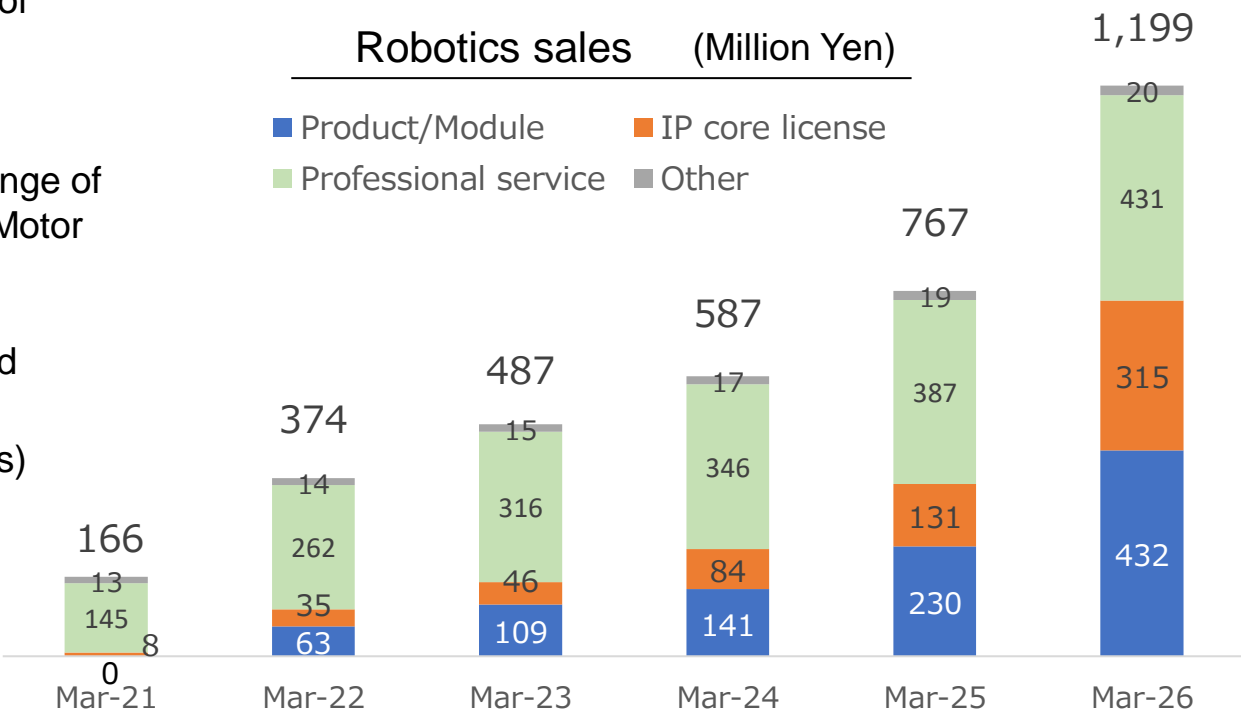
- Domain optimization with a comprehensive solution of algorithms, software and hardware
- Differentiation by DMP 3D Perception (power, performance, cost)
- Advanced AMR technology development through integration of automatic / autonomous driving and arm vision system
- Providing RaaS utilizing ZIA Cloud technology
- Robot operating environment optimization by 3D simulation (digital twin)



DMP 3D Perception

■ Aim for growth that exceeds the market growth rate through total solutions of algorithms, software, and DMP's strength of hardware (CAGR 48% ↔ Domestic robot market* CAGR 19% (FY2020 133.6 billion yen → FY2026 385.8 billion yen)
(There were restraints of customer development investment in FY2020. CAGR for 6 years is 36% from the actual result of 189 million yen in FY2019)

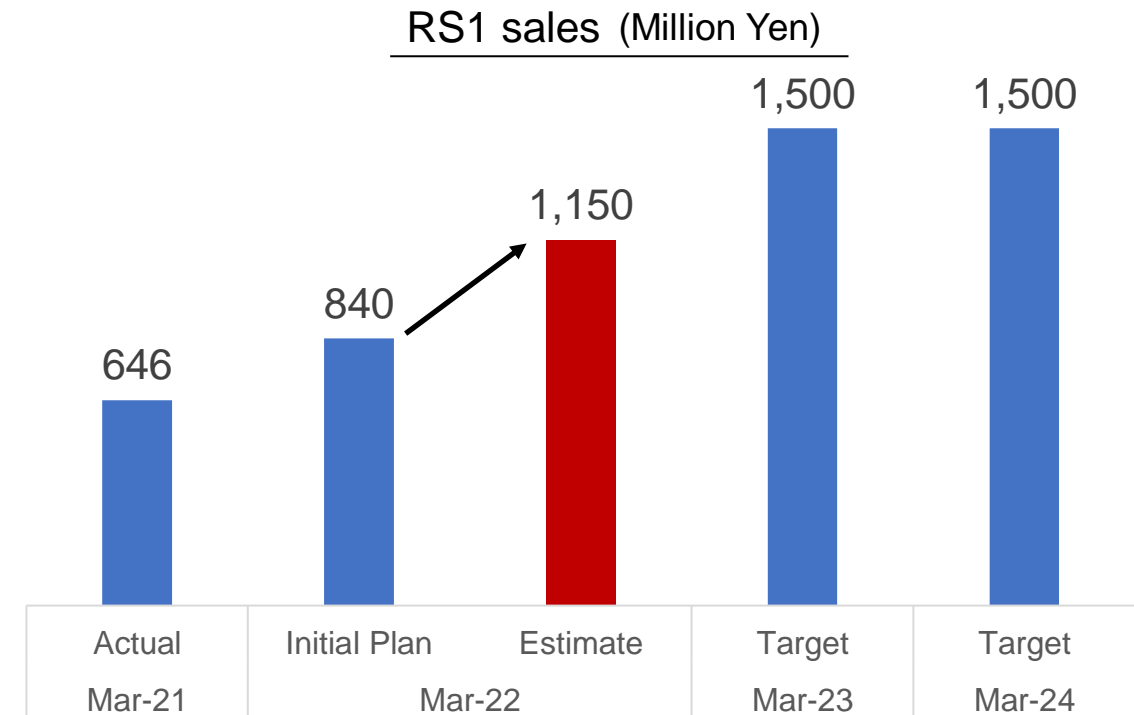
- IP core license
 - Involved in a wide range of customer projects from the PoC development stage by providing functions / performance improvements / new additions and flexible licenses for ZIA MOVE, ZIA SLAM, ZIA ISP, etc.
 - Expect increase in license revenue due to full-scale mass production of customer products from the fiscal year ending March 2025
- Professional service
 - Provide professional services that meet the requirements of a wide range of customer projects in addition to contracted development for Yamaha Motor
- Products / Modules
 - Provide products that contribute to customer product development and productivity improvement (from the fiscal year ending March 2022)
 - Develop and sell high-performance camera system products (modules) that are indispensable for autonomous driving robots including external sales of the results of collaboration with Yamaha Motor
 - Collaborative robot market development with Cambrian vision system



* Source: IT Navigator 2021 Edition, Nomura Research Institute

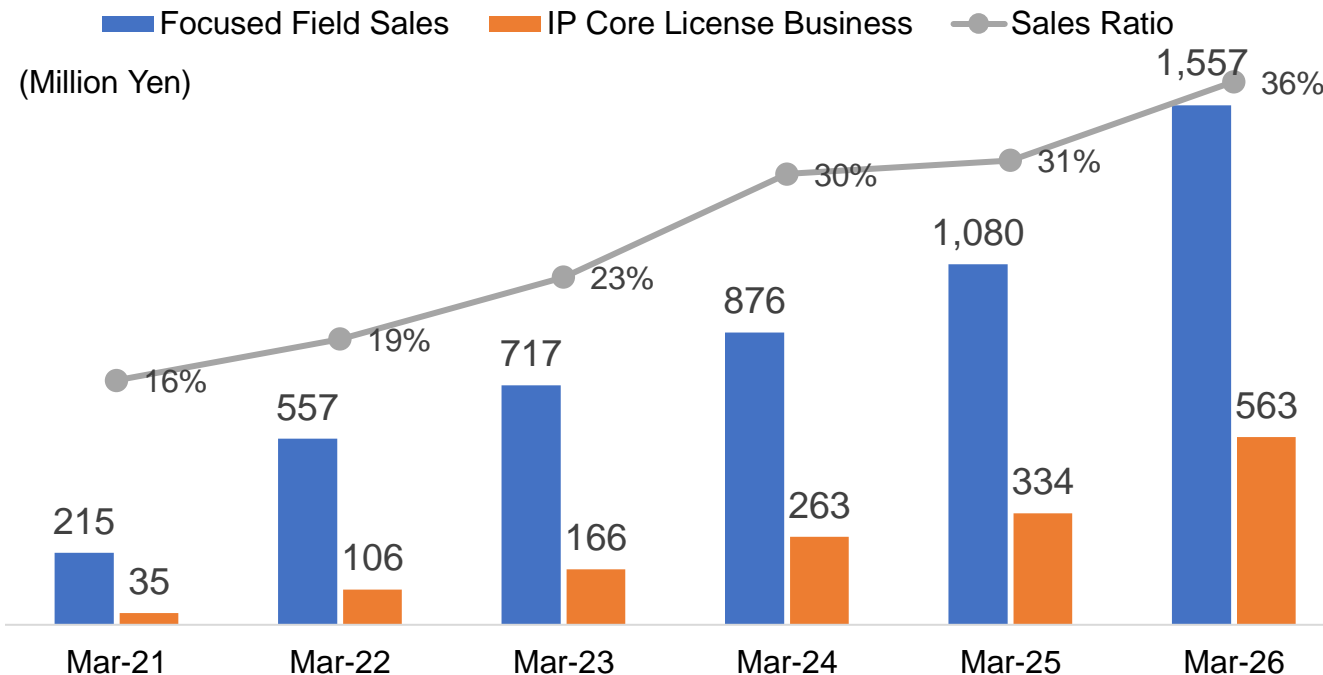
Amusement market and related business outlook

- In fiscal March 2022, the amusement market will expand due to demand for replacement of old regulation machines with new ones with a deadline of January 2022. Sales of RS1 image processors for this market are expected to exceed the initial plan which factored in the impact of inventory retention in distribution channels, due to the acquisition of the large-scale orders.
- Full-scale expansion of adoption in existing customer models and acquisition of new customers are expected in fiscal March 2023 (confirmed)
- While keeping a close eye on market volatility, we will continue to aim to expand our market share and enter new customers in market segments where we can demonstrate the superiority of our unique 2D/3D integrated chips



KPI (Key Performance Indicator)

- We consider **the sales of IP core license business in the focused fields of safe driving assistance and robotics** as a KPI.
- In order to provide added value to our customers throughout the entire product development lifecycle (from planning to mass production), i.e., to maximize customer lifetime value (LTV), increasing IP core license business with a relatively high profit margin which includes providing evaluation licenses, regular licenses, their maintenance, and recurring business model (subscription, running royalty) after shipment of customer products, will lead to medium-term growth in revenues and profits in these fields.



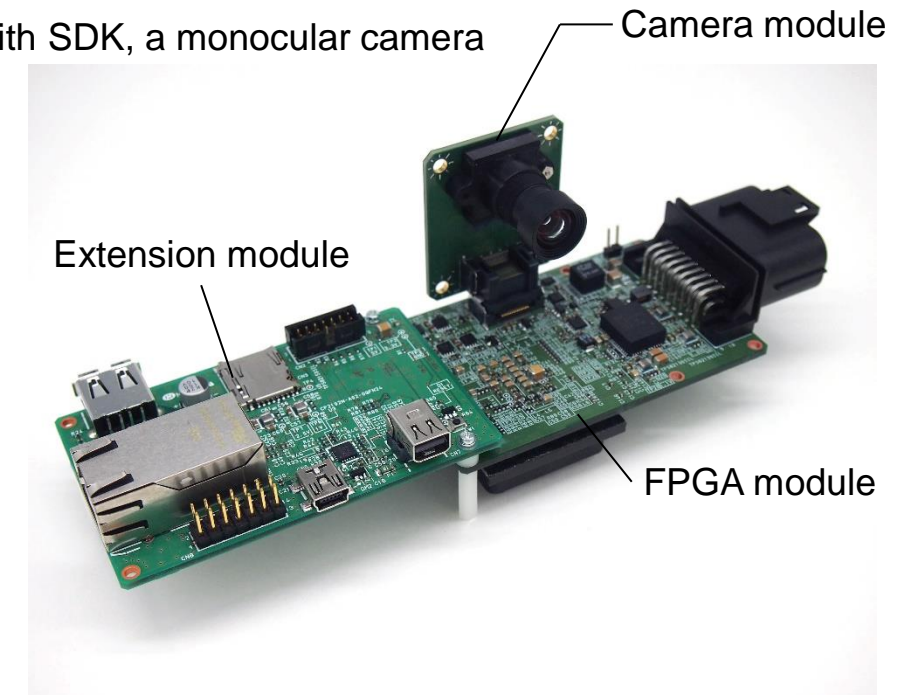
- **Launch external sales of camera systems (accepting order in first quarter), the result of collaboration with Yamaha Motor, a business and capital partner**
- **Support the entire product development process of customers by providing this camera system and related services**

■ Outline of the high-precision, compact embedded monocular camera system

- 35mm x 40mm compact embedded camera module equipped with Sony Semiconductor Solutions' high-sensitivity image sensor "IMX390," a compact FPGA module, an extension module, and an SDK (Software Development Kit)
- By customizing the FPGA module and establishing a PC-based evaluation environment with SDK, a monocular camera system can be easily developed in a short period of time according to user specifications.
- Start accepting orders in the first quarter of the fiscal year ending March 2022

■ Provision of related service

- DMP offers a variety of support services to add values to customers' products and services, such as the provision of reference designs for FPGA designs including the "ZIA™ ISP" ISP core and "ZIA™ DV740" AI processor, custom FPGA designs, AI recognition software development according to user applications, and system creation linked to cloud environments such as AWS (Amazon Web Services).
- DMP will provide a wide range of supports, from optimal development kits to mass production support, for customers who develop embedded systems for mobility products, safety assistance systems, and surveillance systems in the industrial equipment field, including factory automation, logistics, and security.



Capital and business alliance with Cambrian Inc.

Strengthening the portfolio and expanding business of robotics, a DMP's focused area

- Sales of vision systems for collaborative robot arms
- Accelerating collaboration in the field of image recognition with major robotics manufacturers

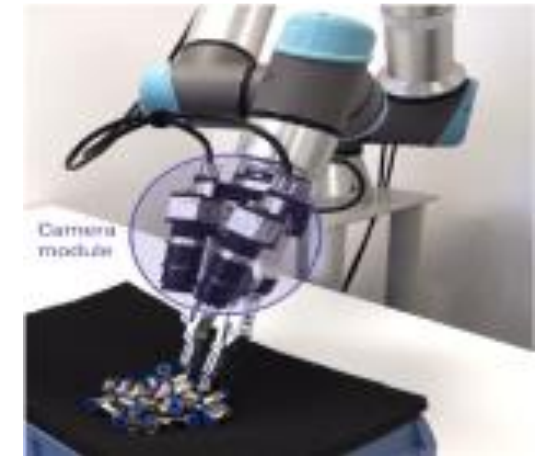
■ Outline of capital and business alliance

- Capital participation as a minority shareholder (US \$ 370,000 investment)
- Exclusive distributor in Japan for a collaborative robot image recognition system (vision system) manufactured by Cambrian, USA
- Joint development for collaborative robotics technology and product that leverages the strengths of both companies

■ Features of Cambrian's product

- Immediate use by attaching to the arm of widely used collaborative robots such as UR
- High versatility through AI-based object recognition and arm motion control
- Low price compared to products of competitors
- Support for very small size items (1 mm x 1 mm or less)
- Compatible with a wide variety of items such as plastic, rubber, metal materials, transparent and reflective surfaces
- High processing performance with recognition time of less than 200ms and picking success rate of 98%+ for electronic components

Cambrian's Vision System



Application examples



Picking



Kitting



Cable insertion



Assembly

Topic for strengthening competitiveness

ZIA™ Showcase

Released ZIA™ Showcase, demonstration of the latest edge AI recognition model and benchmark platform

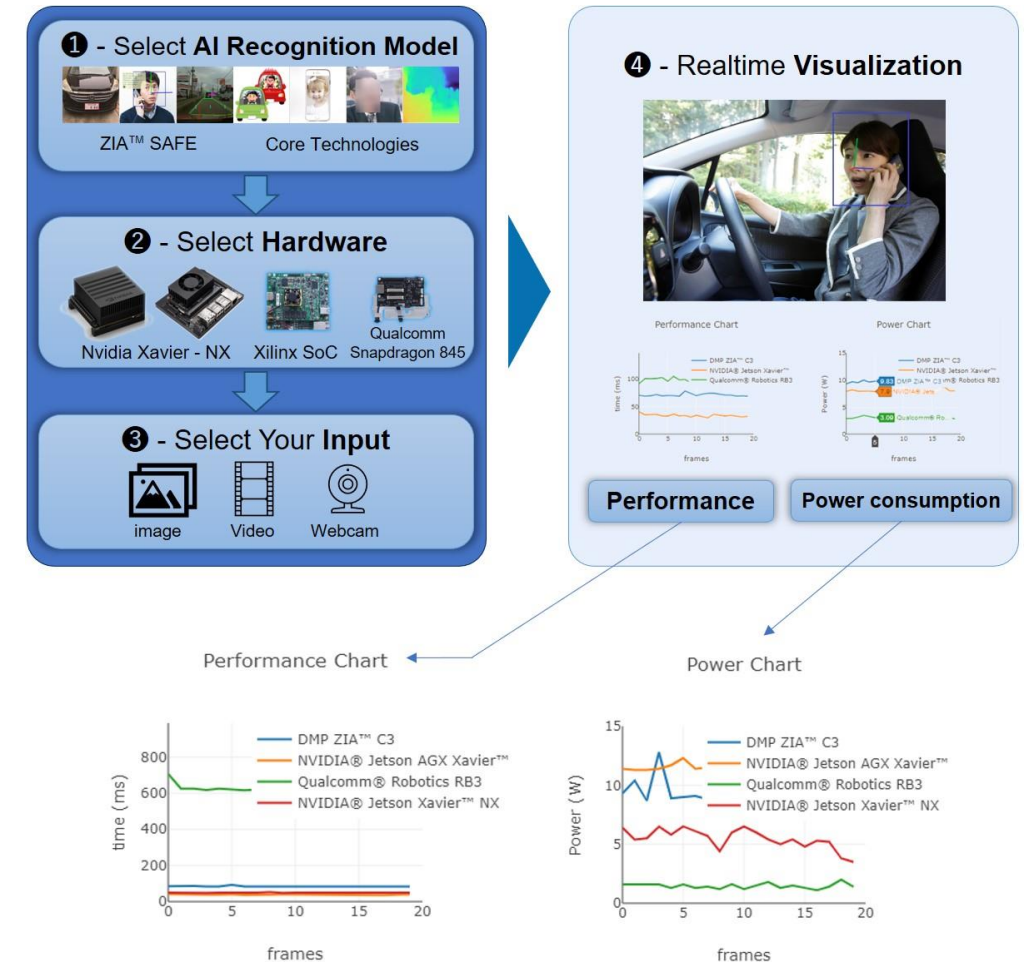
- Realtime evaluation and verification of the optimum AI recognition model and hardware combination using customers' own data set

■ Features of ZIA™ Showcase

- Real-time inference benchmarking using AI recognition model and hardware selected by the customer, displaying inference results, performance, and power consumption
- Consist of a front-end (web page) where a user selects an AI recognition model and hardware, and uploads the data, a server, and benchmarking hardware connected to the server.
- Fair benchmark of hardware

■ Supporting AI recognition models and hardware

- Started from ZIA™ SAFE, DMP's proprietary AI platform for safe driving assistance, and the various AI recognition models that make up ZIA™ SAFE. Will be expanded to the robotics field soon.
- Hardware
 - ❑ Qualcomm® Robotics RB3
 - ❑ NVIDIA® Jetson AGX Xavier™
 - ❑ NVIDIA® Jetson Xavier™ NX
 - ❑ DMP ZIA™ C3 (DMP Xilinx FPGA module)



Developed "ZIA™ MOVE", integrated software platform for automatic and autonomous driving of robotic vehicles
- Contribute to the early development of customers' high-precision and low-cost unmanned mobile robots and low-speed vehicles

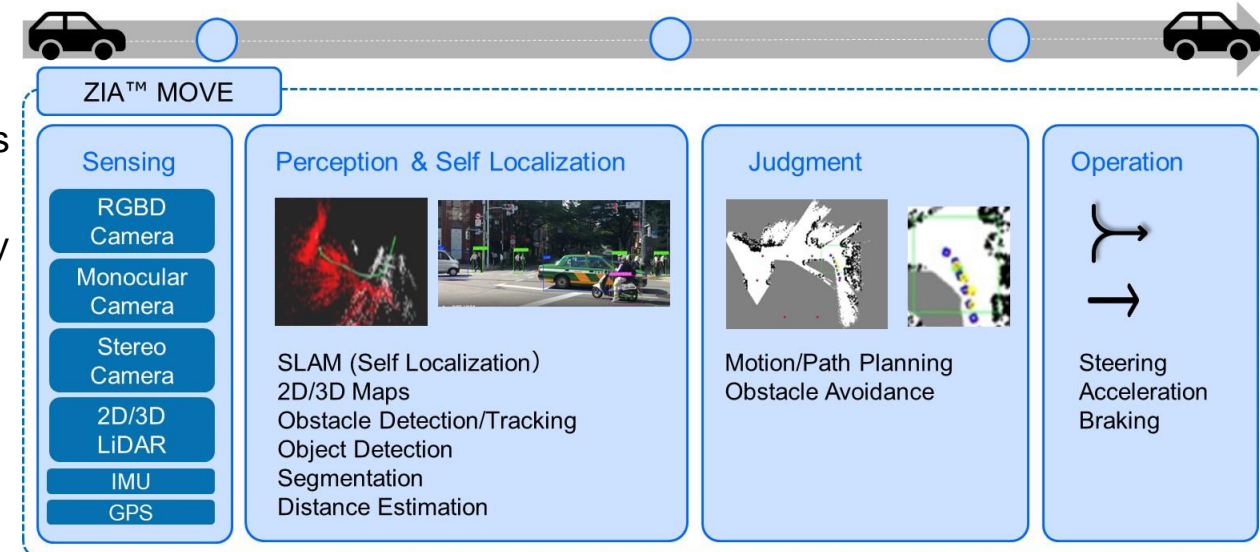
■ ZIA™ MOVE Functions - Equipped with the functions required for automatic and autonomous driving

Ideal for low-speed autonomous driving applications in indoor areas such as warehouses, factories, and offices, or on private property such as farms, where no map information is available in advance

- Sensing function: Grasp the situation around the vehicle by sensors such as cameras and LiDAR
- Perception & self localization function: Generate a map while performing self localization with the standard ZIA™ SLAM, using sensor information, and detect obstacles, estimate distance, and recognize track, using AI recognition technology
- Judgment function: Motion planning, path generation, and obstacles avoidance of the vehicle
- Operation functions: Steering, Acceleration, Braking

■ Features of ZIA™ MOVE

- Precision and performance can be adjusted according to applications
- Fusion of multiple sensors is possible (camera, LiDAR, IMU, etc.)
- Ensure high reliability by integrating proven AI recognition technology for safe driving assistance
- High versatility and individual optimization according to customer requirements through ROS2-based module architecture
- Autonomous driving is possible without prior map information
- Compatible with various hardware including GPUs, CPUs, and FPGAs



Developed wire-detecting AI recognition model for drones

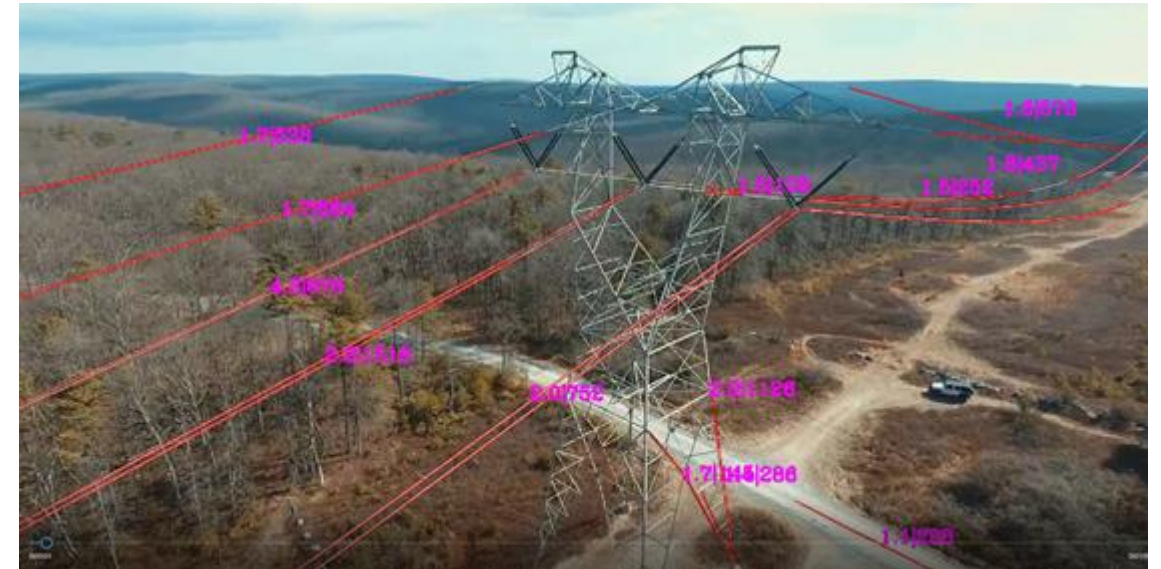
- Prevent breakdowns of drones and autonomous mobile robots by detecting thin wires such as power lines and fences

■ Features of wire-detecting AI recognition model and future plans

- Since it is costly to collect a large amount of training image data, DMP used the Data Augmentation method to generate images, used them for training data, and realized a highly accurate AI recognition model
- Strive to promote the spread of the AI recognition model for wire detection as a solution for customers who develop drones and autonomous mobile robots
- Work on the further improvement of the functionality of the AI recognition model based on feedback from customers

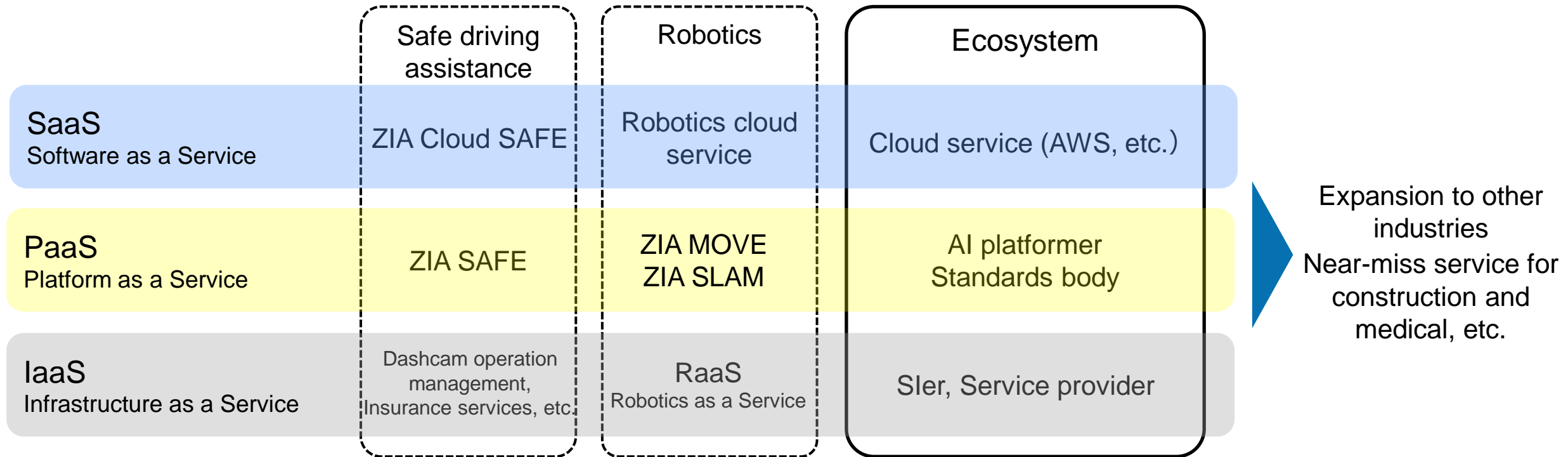
■ Application to other AI recognition model

- Developing a wide variety of AI recognition models by applying Data Augmentation including the Generative Adversarial Network (GAN) to the creation of image data for learning
- Develop and offer high-quality AI recognition models by leveraging the Data Augmentation techniques including GAN according to various customer applications and their requirements



Towards sustainable growth

- Aim for sustainable organic growth as a platformer that provides XaaS* in the focused areas to a wide range of customers by exerting the network effect through close collaboration with various platformers, service providers and other ecosystems
- Proactively consider non-organic growth through M&As and business alliances that contribute to complementing the competitiveness of our focused business areas



* XaaS: Abbreviation for X as a Service. Providing a variety of things as a service (through the cloud)

Business performance target

- Fiscal year ending March 2022
Net sales are expected to increase due to business expansion in the fields of safe driving assistance and robotics as well as recovery in the amusement business and customer development investment, but operating income is expected to be in the red due to personnel investment related to strengthening the development system for sustainable growth.
- Fiscal year ending March 2024
Targeting **net sales of 2,500 million yen** and **operating income of 200 million yen** through expansion of focused businesses.
- Fiscal year ending March 2026
Targeting **sales of 1,600 million yen or more**, excluding the amusement business and aiming to increase sales further through horizontal development of the XaaS business.

| (Million Yen) | March 2021 (Actual) | March 2022 (Original Forecast) | March 2023 (Target) | March 2024 (Target) | CAGR (21/3-24/3) |
|-------------------------|------------------------|-----------------------------------|------------------------|------------------------|---------------------|
| Safe driving assistance | 49 | 183 | 230 | 289 | 81% |
| Robotics | 166 | 374 | 487 | 587 | 52% |
| Amusement | 646 | 840 | 1,500 | 1,500 | 32% |
| Net sales* | 1,009 | 1,500 | 2,250 | 2,500 | 35% |
| Operating income | ▲425 | ▲250 | 50 | 200 | |
| Ordinary Income | ▲361 | ▲250 | 50 | 200 | |

* Net sales includes sales in areas other than the three main fields (safe driving assistance, robotics, and amusement), such as GPU IP core licenses for digital equipment such as digital cameras and OA equipment.

Risk information

| Item | Major risks | Probability/ Timing of actualization | Impact | Countermeasures |
|--|--|--|--------|--|
| Technology obsolescence and R&D failures | Graphics processing and AI technologies are evolving at a very fast pace, and there is a risk that we would fall behind. There is also a risk that our research and development may be delayed or aborted. | Medium/ Uncertain | Large | We will keep a close eye on technological trends and proactively promote technology development. In addition, we will strive to secure excellent engineers necessary for technology development. |
| Customers' market trends | Since the Company's revenue is partly linked to the number of shipments of amusement machines, in-vehicle products, and other products in which our products are embedded by customers, there is a risk that revenue would decrease in the event of sluggish sales of customers' products or a decrease in the number of shipments due to changes in laws and regulations. | Low-High/ Uncertain | Large | We will aggressively develop new markets and new products by gathering information from customers and external organizations. Although we are unable to deal with laws and regulations on our own, we will work closely with our channels and end customers to determine the degree of impact on our business performance and take actions such as making disclosures as necessary. |
| Securing and developing human resources | Securing excellent human resources is a prerequisite for our future growth. However, securing those for AI and other advanced technologies is becoming increasingly difficult. If we are unable to secure talents, there is a risk that our business growth would be restricted. | Medium/ Medium-Long term | Large | We are making efforts to attract human resources by providing flexible work systems such as the introduction of a discretionary work system and attractive compensation systems such as the stock compensation system. |
| Spread of COVID-19 and other infections | Since we are composed of a relatively small number of professional employees, there is a risk that the continuation of business activities may become difficult in the event that an infectious disease such as COVID-19 spreads among our officers and employees. In addition, there is a risk that revenue would be affected if the amusement machine market slows down due to the declaration of a state of emergency and the like. | Low/ Short-Medium term | Medium | In addition to expanding the scope of telework (working from home) to all employees, we are working to reduce the risk of infectious diseases by thoroughly preventing infection when at the office, using web conferencing, and suspending unnecessary outings, business trips, and meetings. As of the date of submission of this document, there has been no infection of the COVID-19 among domestic executives and employees. |

Note) For other risks, please refer to "[Risk Factors](#)" on our website.

- 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.
- The purpose of this document is to provide information for the purpose of understanding our company and is not to solicit investment in securities issued by our company. Please refrain from making any investment decisions based entirely on this document.
- The latest status including the progress of "Business Plan and Growth Potential" is disclosed after the announcement of full-year financial results. The next disclosure is scheduled to be made after the announcement of financial results for the fiscal year ending March 31, 2022.

Supplementary material

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".

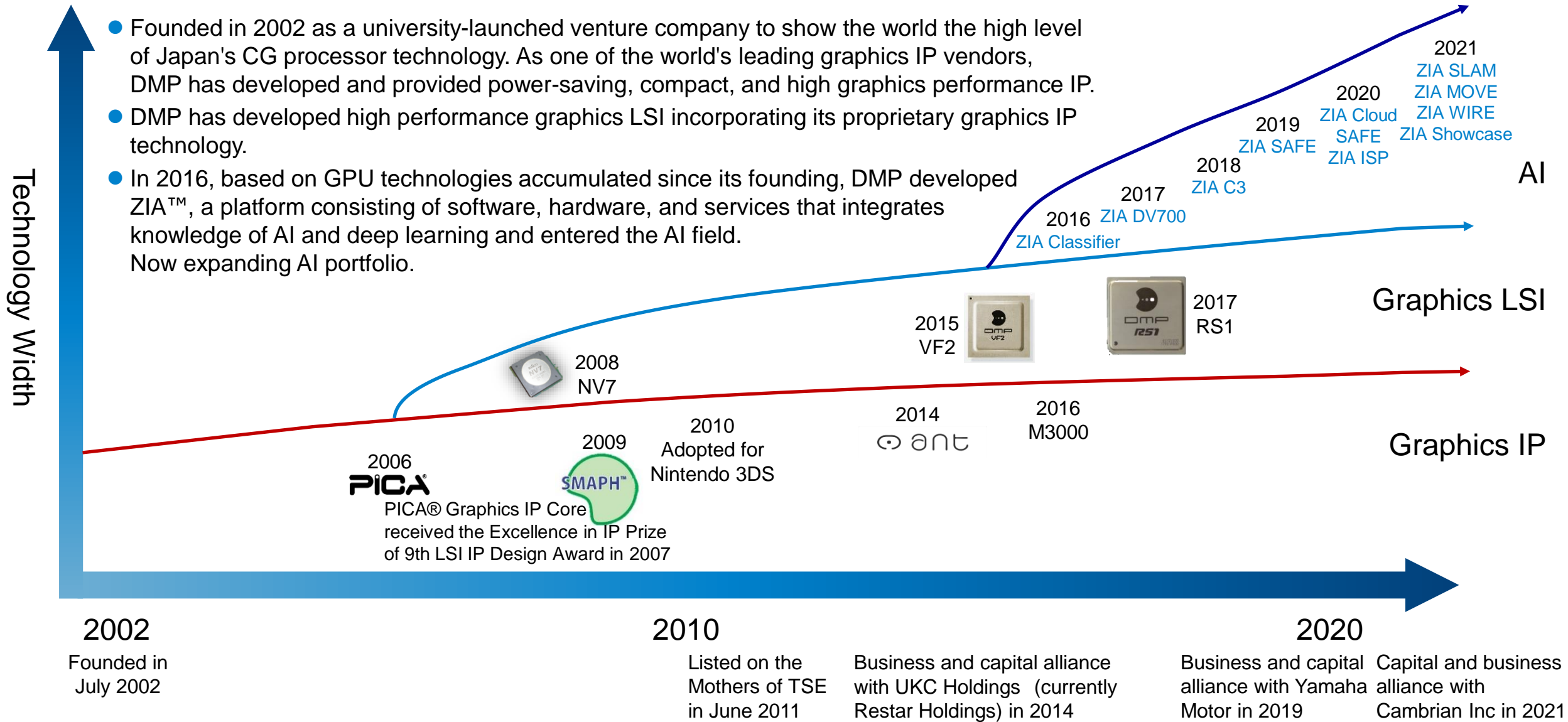
*5: Integrated circuit (design method) that integrates a series of functions (systems) required on one semiconductor chip. SoC stands for System on a Chip.

*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

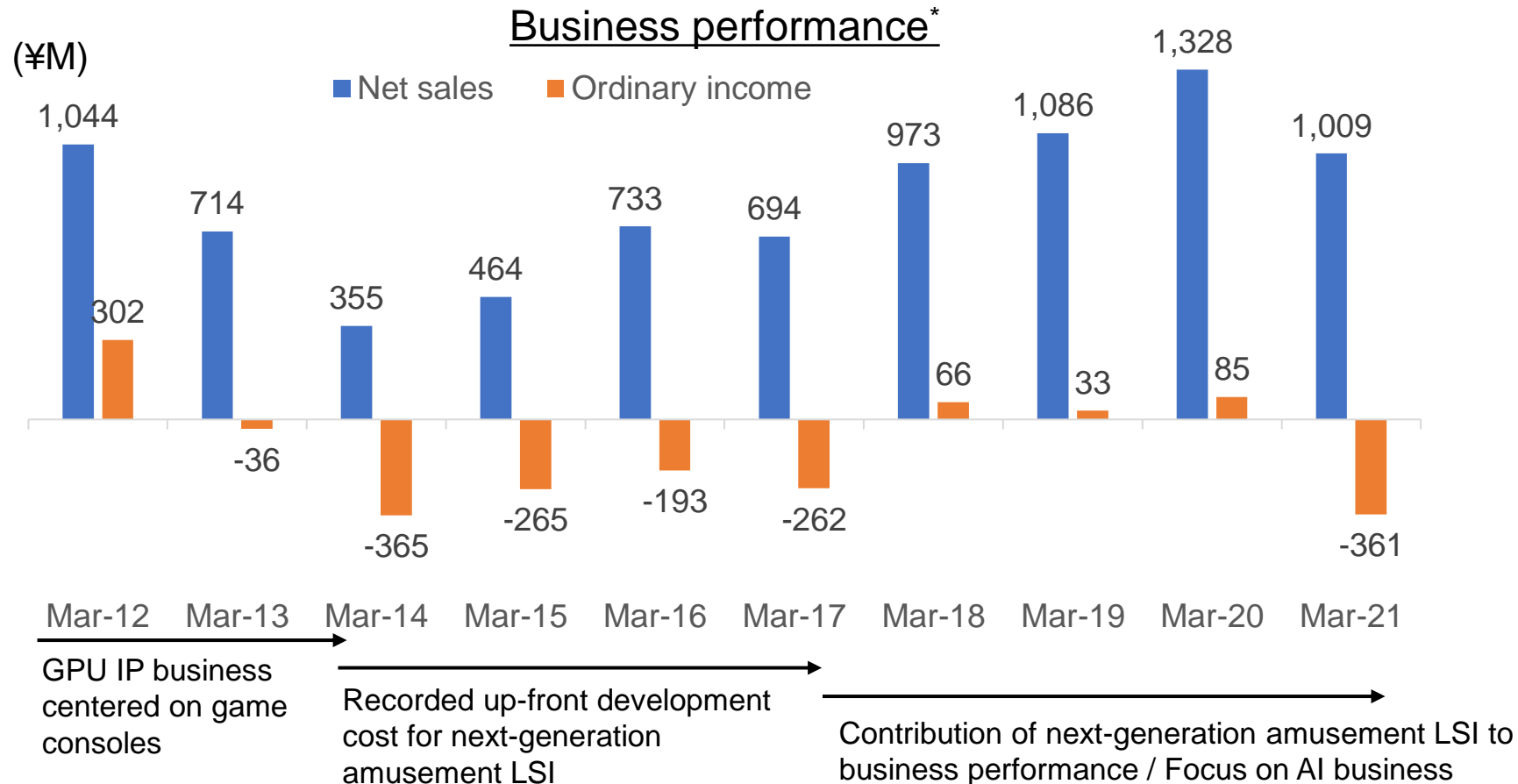
*8: Arithmetic unit or processor specialized in real-time image processing represented by computer games. GPU stands for Graphics Processing Unit. By utilizing its better performance in parallel computing performance than CPU, technologies called GPGPU (General-Purpose computing on GPU) that apply its computing resources to purposes other than image processing are applied to the AI/deep learning field.

DMP's technology evolution



Performance review

- From GPU IP business mainly for game consoles at the time of listing, through LSI development for amusement, focusing on AI business in recent years
- Performance deteriorated in the fiscal year ended March 2021 due to the impacts of COVID-19 such as the slump in the amusement machine market and restraint and postponement of AI development investment by some customers



* Actual results on a non-consolidated basis through the fiscal year ended March 31, 2020, and full-year consolidated results for the fiscal year ended March 31, 2021

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.