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VISUALIZE THE FUTURE

DIGITAL MEDIA PROFESSIONALS

2nd Quarter ended September 30, 2021

Results Briefing

Digital Media Professionals Inc.

November 10, 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.

1 **Explanation of Results, 2nd Quarter ended September 30, 2021**

2 **Initiatives and Progresses, 2nd Quarter ended September 30, 2021**

3 **Fiscal Year Ending March 31, 2022, Full-Year Business Forecast**

4 **Advanced Initiatives for Robotics Field**

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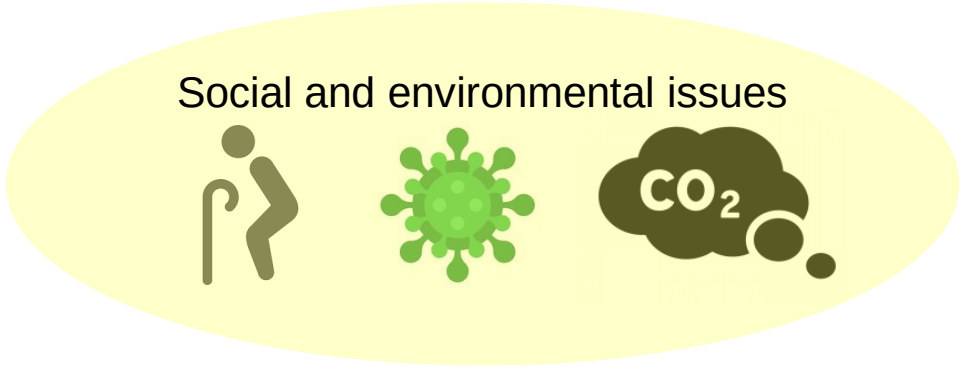
Basic Policy of Medium-term Business Plan

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"



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.

Results Highlights: P/L

Net sales grew and losses improved due to higher sales in the product and professional service businesses

(Unit: million yen)	2nd Quarter ended Sept. 30, 2020	2nd Quarter ended Sept. 30, 2021	Amount change
Net sales	533	**690**	**+157**
Operating income	-191	**-109**	**+82**
Ordinary income	-155	**-109**	**+46**
Net income attributable to owners of parent	-156	**-110**	**+46**

- Net sales increased by 29.5% and operating loss improved by 82 million yen due to higher sales in the product and professional service businesses, although sales in the IP license business slightly increased year on year.
- Despite the absence of 37 million yen in subsidy income related to the NEDO project, which was recorded as non-operating income in the same period of the previous fiscal year, ordinary loss and net loss attributable to owners of parent improved by 46 million yen year on year.

Results Highlights: Net Sales by Business and Field

- **IP licensing and professional services for new customers/projects were active in the safe driving assistance field.**
- **The number of business projects centered on PoC increased in the robotics field.**

Sales by business

IP core license business	**¥67 million**	Same period last year	¥61 million

- Recorded GPU running royalties for digital equipment, new IP license/support revenues for safe driving assistance and robotics fields, and recurring revenue in safe driving assistance field

Product business	**¥502 million**	Same period last year	¥383 million

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

Professional service business	**¥120 million**	Same period last year	¥87 million

- Although contracted income from the NEDO project was lost, contracted AI development services for safe driving assistance and robotics fields got active.

Sales by field

Safe driving assistance field	**¥45 million**	Same period last year	¥10 million

- IP licensing including recurring business and professional services got active.

Robotics field	**¥106 million**	Same period last year	¥61 million

- In addition to new IP license revenue, AI contract development projects got active.

Amusement field	**¥499 million**	Same period last year	¥382 million

- Recorded sales of RS1 for mass production

Other	**¥38 million**	Same period last year	¥77 million

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

Results Highlights: B/S

Equity ratio remains high at 91.5%

(Unit: million yen)	End of March 2021	End of Sept. 2021	Amount change	Major factors
Current assets	2,736	2,690	-46	Cash and deposits -162, Other -54, Accounts receivable - trade and contract assets +191
Non-current assets	740	741	+1	Investment securities +41 Software -27
Total assets	**3,477**	**3,432**	-44	
Current liabilities	208	271	+63	Accounts payable - trade +79
Non-current liabilities	18	18	+0	
Total liabilities	227	290	+63	
Total net assets	**3,250**	**3,141**	-108	Retained earnings -110
Total liabilities and net assets	**3,477**	**3,432**	-44	

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Robotics Field

Progress in expanding solutions for robotic vehicles and robotic picking, partnering, and producing results

● Expansion of the ZIA™ portfolio

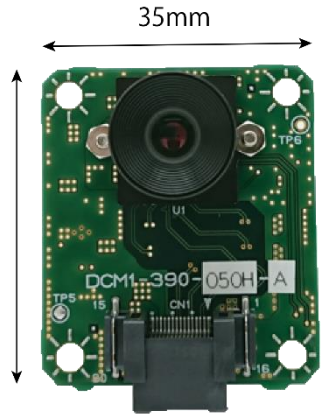
- ZIA™ MOVE: Software for robotic vehicles that encompasses ZIA™ SLAM and provides a complete set of perception, judgement, and operation functions required for automated and autonomous driving
- ZIA™ Wire: AI recognition model for detecting power lines, fences and other wires for drones and unmanned robots
- ZIA™ ISP: Image signal processor (ISP) core that newly supports the high dynamic range (HDR) capabilities of image sensors

● Business projects in the PoC and practical use stages, such as Yamaha Motor, are getting more active

- Collaborating with Yamaha Motor on AI implementation in various products, including field tests has been underway
- Progress in collaboration with Prophesee of France, combining its event-based sensors with DMP's software and hardware technologies for edge AI
- The number of business projects with other customers, mainly PoC, is increasing.

● Business development of Cambrian vision system

By building and deepening relationships with collaborative robot manufacturers and robot SIers to meet the demands of end customers for labor-saving and productivity improvement, we are making progress in business, including collaboration on specific customer projects.



● Development of compact high-sensitivity monocular camera module

Equipped with Sony's IMX390 automotive CMOS image sensor, capable of high sensitivity and high dynamic range (HDR)

The combination of this camera module and ZIA™ ISP enables 120dB high dynamic range.

Safe Driving Assistance Field

Won new projects on the strength of DMP's integrated edge-to-cloud solution

- **Released ZIA™ Showcase, a platform for demonstrating and benchmarking DMP's latest edge AI recognition models**

  By accessing AI recognition models related to ADAS*1 and DMS*2 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.
  - Earned recurring revenue from existing projects and provided professional services to new customers and new projects for existing customers.

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

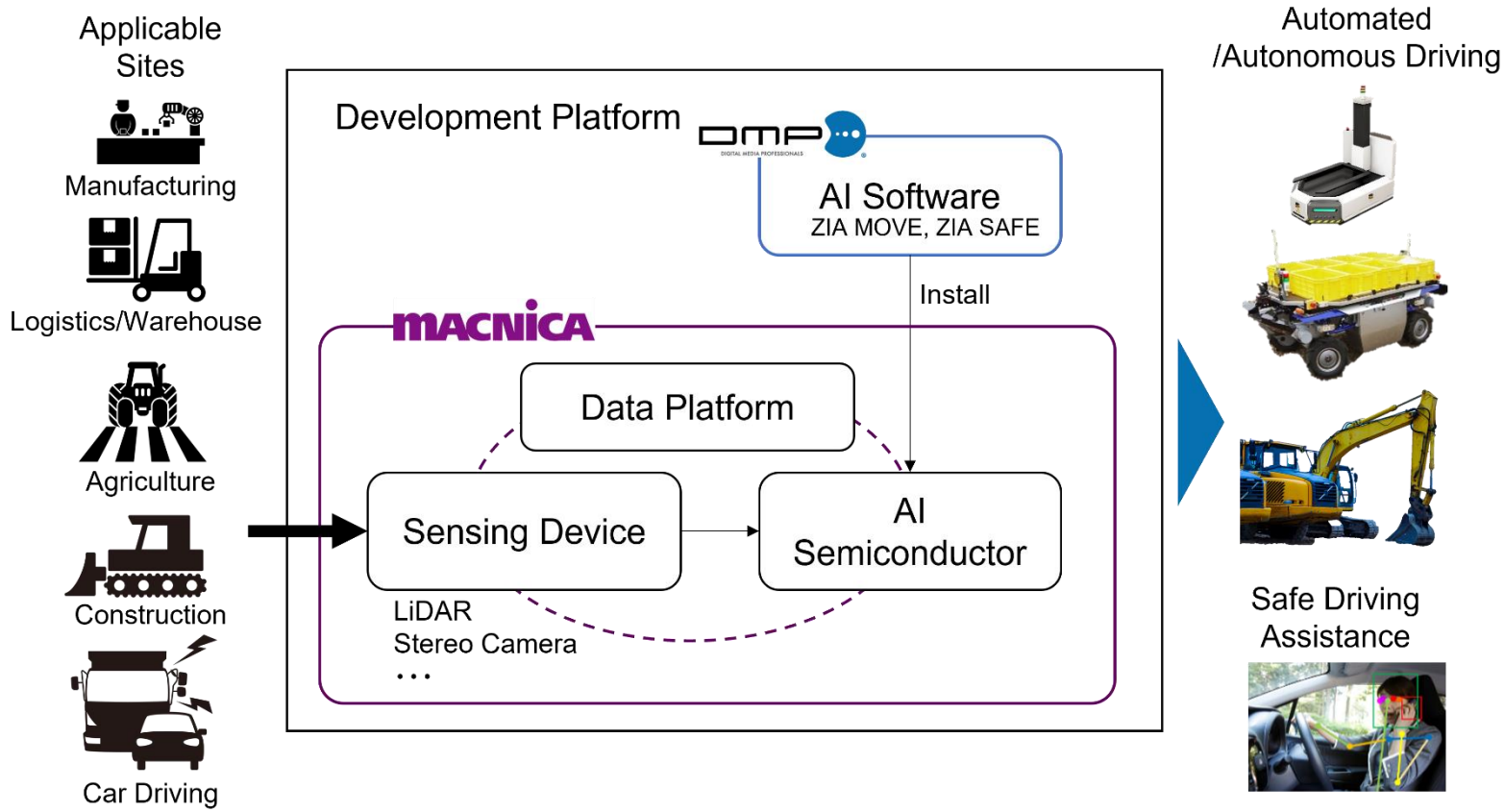
  Adopted for mass production project following the previous fiscal year


DMP ZIA™ C3 KIT

*1: Abbreviation for Advanced Driver Assistance System
*2: Abbreviation for Driver Monitoring System

Collaboration with Macnica

In order to solve social issues, DMP and Macnica will provide a vertically integrated development platform environment for automated/autonomous driving and advanced driver assistance systems by combining Macnica's high-performance AI semiconductors and various sensing devices with DMP's ZIA™ MOVE software for automated/autonomous driving and ZIA™ SAFE software for safe driving assistance and provide optimal solutions for customers' development projects



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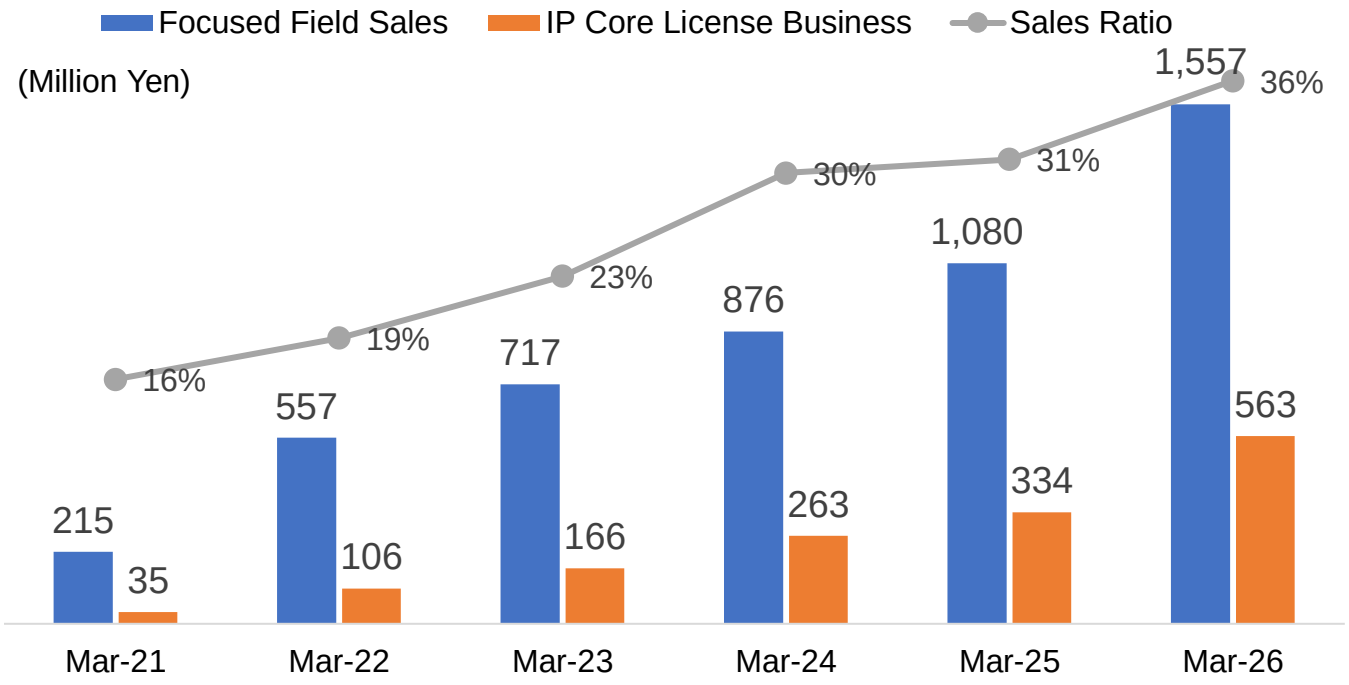
KPI (Key Performance Indicator)

- 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 and of the entire company.
- IP core license business results, 2Q ended Sept. 2021: net sales/ratio ¥28M/19% (¥7M/11% in the same period last year)



Business Forecast

Upwardly revised the business forecast announced on May 14, 2021, considering recent business trends and the business environment

(Unit: million yen)	FY 03/2021 Actual	FY 03/2022 Forecast	
		May 14, 2021	Nov 10, 2021
Net sales	1,009	1,500	**1,650**
Operating income	-425	-250	**-200**
Ordinary income	-361	-250	**-200**
Net income attributable to owners of parent	-364	-252	**-202**

- Business outlook for the third quarter and beyond
  - Amusement field: Continue mass production shipments in response to large-scale orders
  - Safety Driving Assistance Field
    Steady increase in IP licenses and professional services for new projects from existing and new major customers
    Decrease in production of customer devices due to semiconductor supply shortage will have a certain impact on our running royalties
  - Robotics
    Steady growth in revenues from product businesses such as Cambrian vision systems and camera modules for mass production of drones
    IP licenses and professional services are expected to increase in response to increased demands in the PoC phase, but the number of professional services projects and the amount of revenue per project are expected to be lower than the initial forecast
    →Accelerate exploring new projects, including through collaborations, and promote PoC acquisition, IP licensing and involvement in full-scale development

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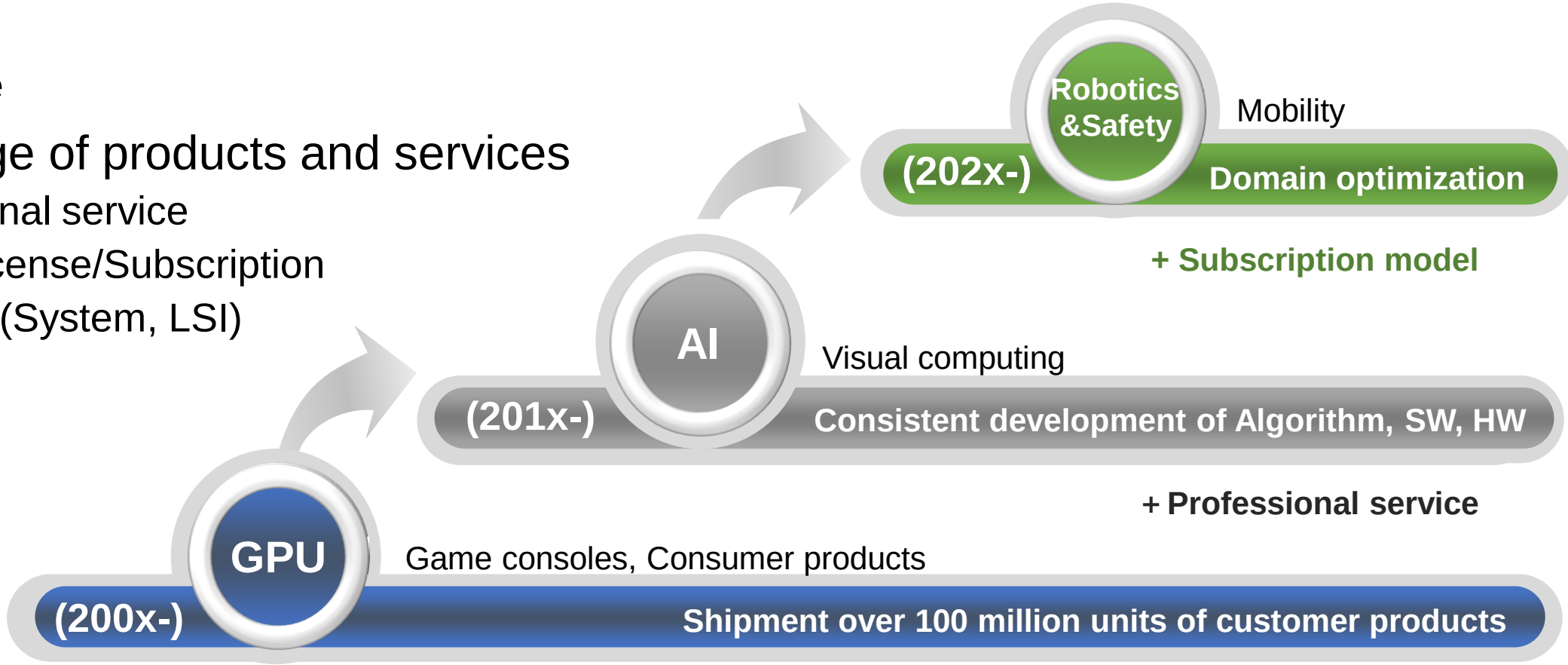
DMP Business Model Built on Strengths

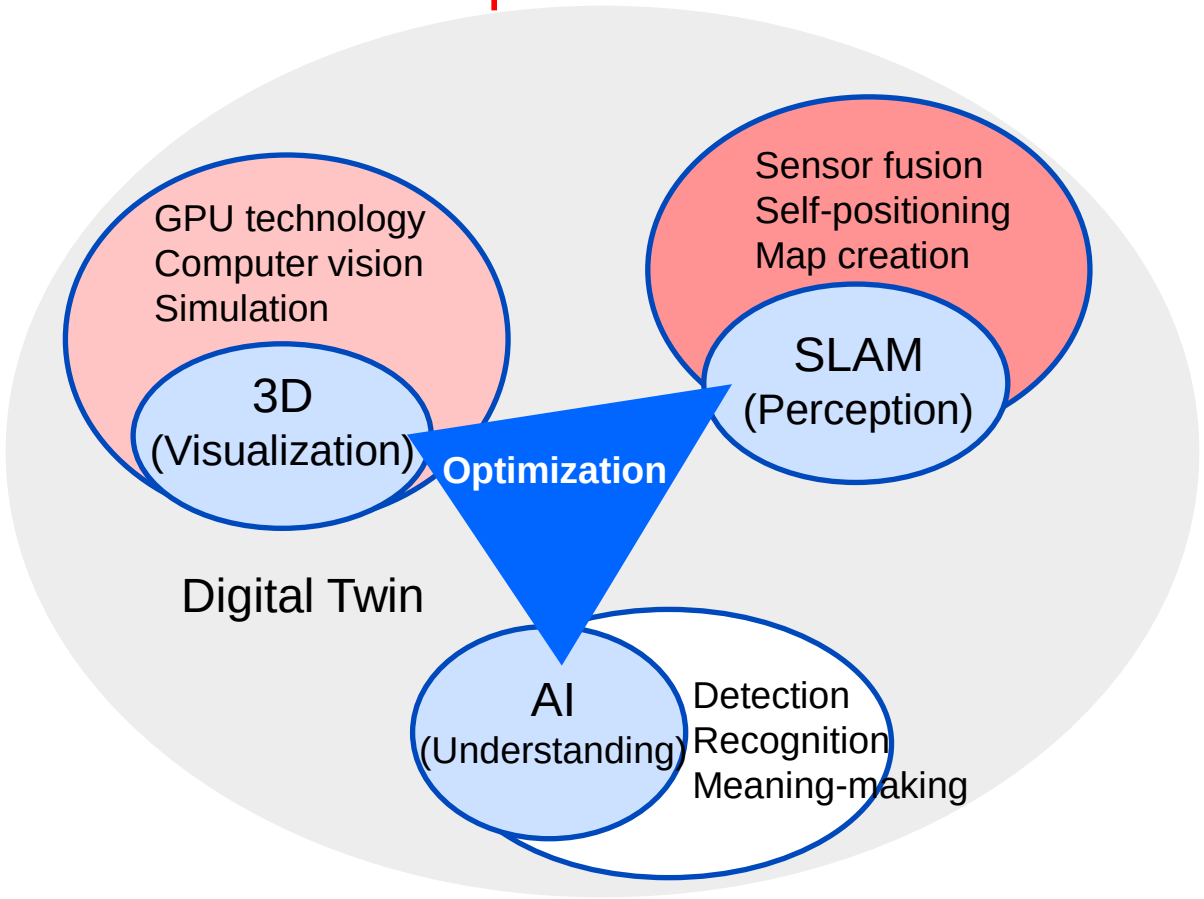
- Full-stack development to enable domain optimization
  - Algorithm
  - Software
  - Hardware
- Wide range of products and services
  - Professional service
  - IP core license/Subscription
  - Products (System, LSI)

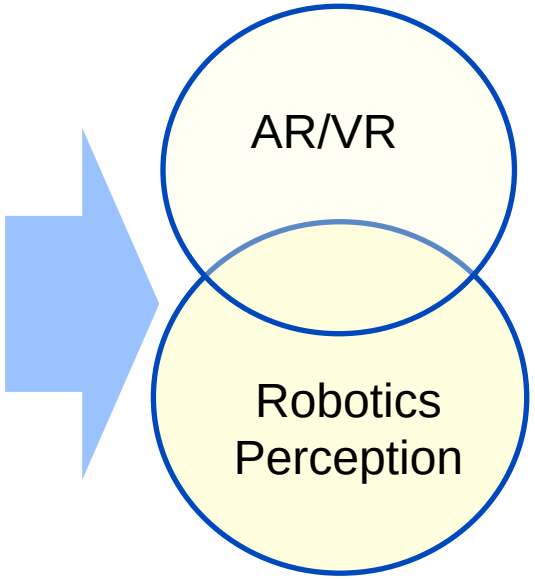


Creating New Value Based on Proprietary Technologies

Advanced 3D recognition technology that combines DMP's 3D, AI, and SLAM technologies

"DMP 3D Perception"





- Automotive & Transportation
- Healthcare
- Construction & Real Estate
- Manufacturing & Logistics
- Retail & E-commerce
- Education
- Metaverse

SLAM: Acronym of Simultaneous Location and Mapping
Construct 3D scene, estimate self-position and visualize

Industry Trends Related to DMP

- **Edge's share to total computing to grow rapidly**
  - From 20% in 2020 to 80% in 2030*
- **Explosive growth of image data**
  - 90% of all data generated in the past two years, 80% of which was image data*
- **Accelerated development of new sensors, moving from imaging to sensing**
  - Low-cost 3D sensors, next-generation neuromorphic sensors, etc.
  - Emergence of new industrial robots that understand scenes
- **Dramatic expansion of robot applications as programmable automation tools**
  - Improved performance of microprocessors and AI
  - Dramatic improvement in accuracy and efficiency through integration with machine vision

* Source: AI Hardware Summit 2021

DMP's Approach to Robotics

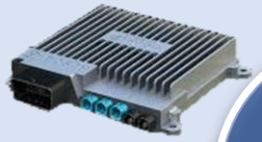
- Sustainable robotics ecosystem with the ZIA™ portfolio at its core
- Alignment with relevant next generation technologies through partners

Neuromorphic Sensor (Prophesee)

Development Systems (Nvidia)

Picking System (Cambrian)

Robot Arms (UR)



Fusion Platform

Vision Processor (DV Core)

Camera Module (Mono/Stereo)

Image Signal Processor (ZIA ISP)

Algorithm (ZIA SLAM /ZIA MOVE)

Benchmark Suite (ZIA Showcase)

Digital Twin

UGV, AGV, Drone, AMR, etc.

Partner

Cambrian vision system

- Immediate use by attaching to the arm of collaborative robots such as UR
- Support for very small size items (1 mm x 1 mm or less)
- Compatible with a wide variety of items such as plastic, rubber, and metal materials, as well as glossy, black, transparent, and reflective surfaces
- Recognition time of less than 200ms
- Picking success rate of 95%+
- DMP AI functions can be added (e.g., OCR, object recognition)

Use case

Bin picking

Cable insertion

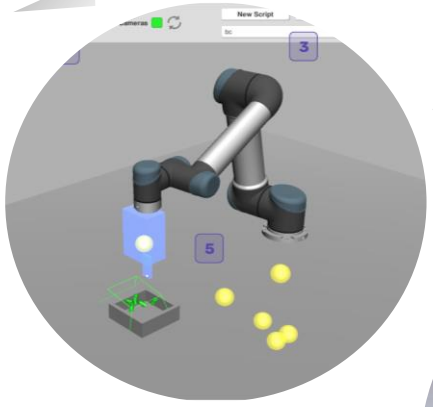
Kitting

Vision Picking System

High versatility through AI-based recognition and motion control

- Picking flow -

STEP1: Preparation of CAD data of items to be picked



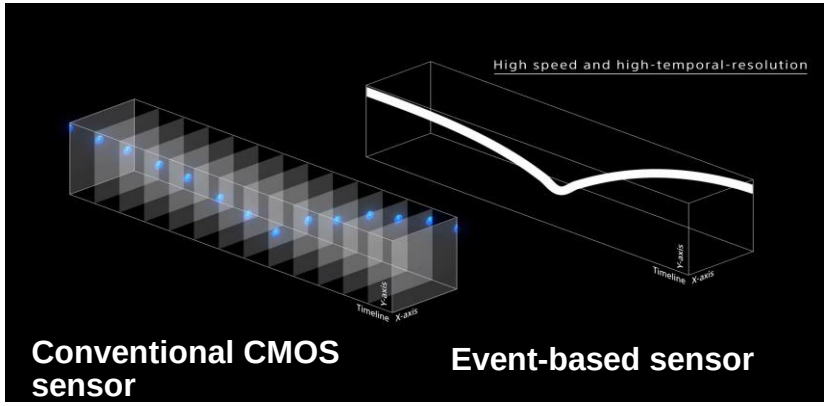
STEP2: Learning through neural networks and simulation

STEP3: Picking & placing

Collaboration for Next Generation Robotics Ⅱ

PROPHESEE
METAVISION FOR MACHINES

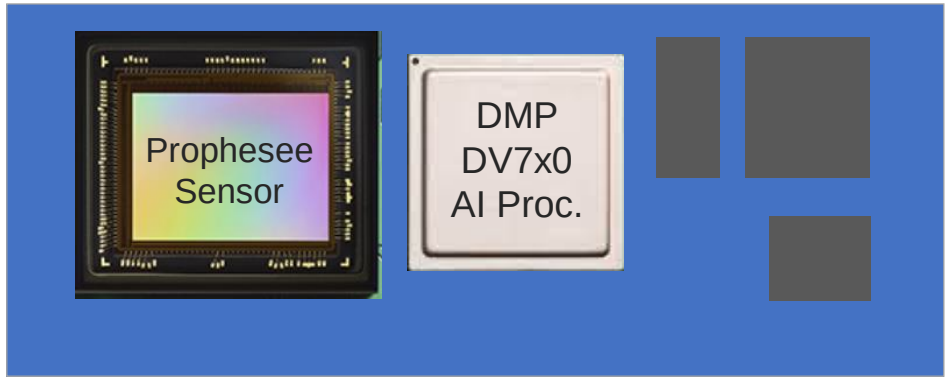
Neuromorphic sensor (event-based sensor)
(Imitating the functions of the human retina/brain)



Continuously output the entire image

Output images only for parts of the scenes that are changing

Data saving, low power consumption, high speed and high sensitivity sensing, and high dynamic range



Co-developing a module combining Prophesee sensor and DMP DV7x0 AI processor

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