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VISUALIZE THE FUTURE



**Fiscal Year Ended March 31, 2022**

# Results Briefing

Digital Media Professionals Inc.

May 16, 2022

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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# Company Profile

Leveraging our experience and knowledge as one of the world's leading graphics IP vendors, we have recently been 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)
Foundation	July 2002 (Listed on TSE Mothers in June 2011, shifted to TSE Growth in April 2022)
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	69 (as of April 1, 2022)
Number of patents	35 cases
Consolidated subsidiary	Digital Media Professionals Vietnam Company Limited

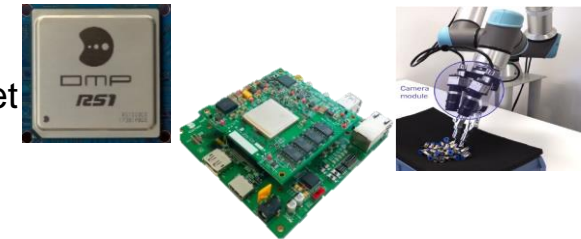
## IP core license business

- AI/GPU IP core license
- AI software license



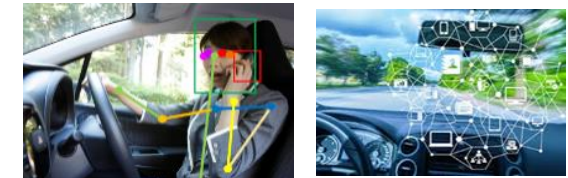
## Product business

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



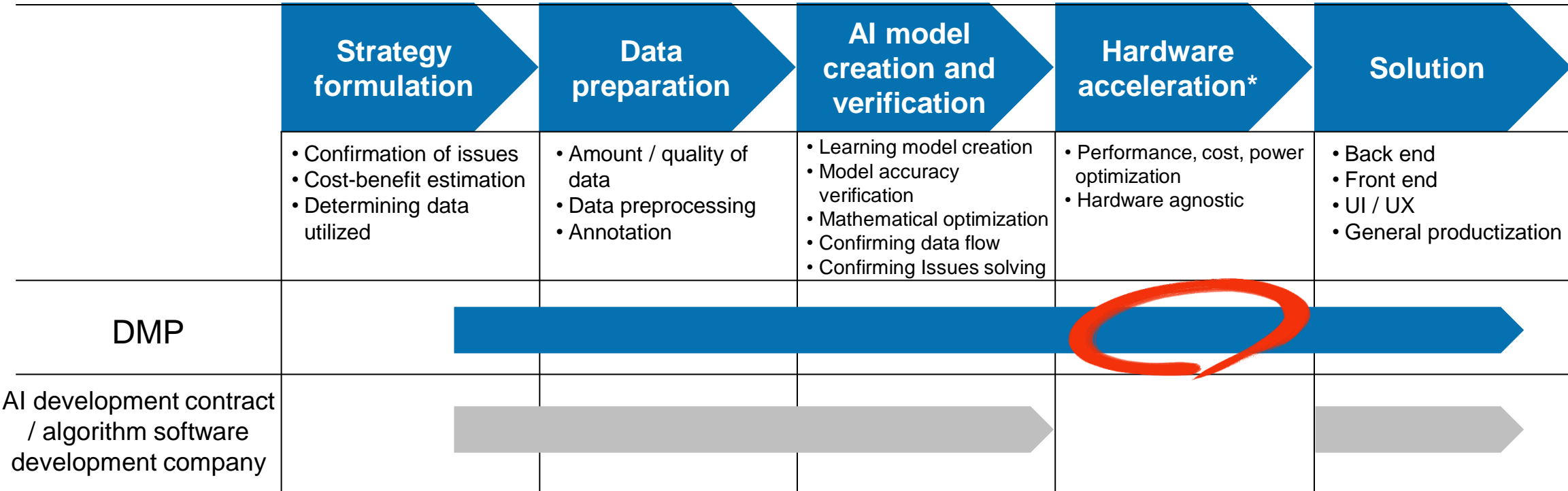
## Professional service business

- AI algorithm/computer vision software contracted development
- FPGA/Board contracted development
- Customer product/service support related to safe driving assistance system and robotics



- Pioneer in embedded GPUs, accumulating outstanding technologies in the fields of AI and visual computing
- Development of domain-specific solutions based on full-stack technology of algorithms, software, and hardware
- Proposal and development of optimal systems that integrate edge and cloud technologies

[AI Service function]



\* Hardware acceleration: Converting part or all of the algorithm or system description expressed in C language into hardware (RTL), and combining the software with dedicated hardware to improve performance

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

- Record-high annual sales
  - Net sales 1,667 million yen (+65% year on year)
  - Compared to the initial sales forecast of 1,500 million yen +11%
- Significant increase in sales in all focused fields
  - Safe driving assistance +234% year on year
  - Robotics +42% year on year
  - Amusement +79% year on year
- Mass production of semiconductors incorporating DMP's AI processor IP "ZIA™ DV720" has started for consumer products in Japan and overseas
- Started customer installation of Cambrian vision system for collaborative robots



**Net sales grew and losses improved significantly due to higher sales in all businesses: IP core license, product, professional service**

(Unit: million yen)	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Amount change
<b>Net sales</b>	1,009	<b>1,667</b>	<b>+658</b>
<b>Operating income</b>	-425	<b>-126</b>	<b>+298</b>
<b>Ordinary income</b>	-361	<b>-122</b>	<b>+238</b>
<b>Net income attributable to owners of parent</b>	-364	<b>-157</b>	<b>+207</b>

- Net sales increased 65.2% and operating loss improved by 298 million yen year-on-year due to higher sales in IP license, product, and professional service businesses.
- Ordinary loss improved by 238 million yen year-on-year despite the absence of 60 million yen in subsidy income related to the NEDO project, which was recorded as non-operating income last fiscal year.
- Net loss attributable to owners of the parent improved by 207 million yen year-on-year, despite recording an extraordinary loss of 33 million yen for loss on valuation of marketable securities.

# 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** **¥173 million** Same period last year ¥144 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** **¥1,199 million** Same period last year ¥658 million

- Recorded sales of RS1 for mass production, camera modules for mass-production drones, and Cambrian vision systems

**Professional service business** **¥295 million** Same period last year ¥206 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** **¥163 million** Same period last year ¥49 million

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

**Robotics field** **¥236 million** Same period last year ¥166 million

- In addition to recording revenues of new IP license revenue, camera modules for mass-production drones, and Cambrian vision systems, AI contract development projects got active.

**Amusement field** **¥1,155 million** Same period last year ¥646 million

- Recorded sales of RS1 for mass production

**Other** **¥111 million** Same period last year ¥148 million

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

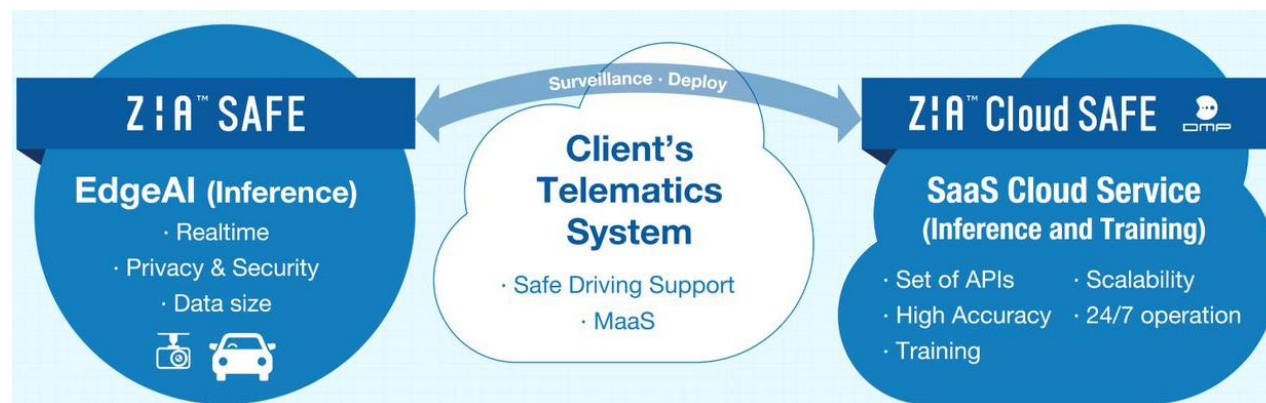


## Equity ratio remains high at 89.2%

Continued to secure funds for working capital and investments for enhancement of R&D system

(Unit: million yen)		End of March 2021	End of March 2022	Amount change	Major factors
	Current assets	2,736	2,784	+47	Accounts receivable - trade and contract assets +231, Cash and deposits -63, Securities -45, Consumption tax receivable -32, Inventories -12
	Non-current assets	740	688	-52	Software -54
<b>Total assets</b>		<b>3,477</b>	<b>3,472</b>	<b>-5</b>	
	Current liabilities	208	358	+150	Accounts payable - trade +128, Consumption tax payable +41
	Non-current liabilities	18	18	-0	
<b>Total liabilities</b>		<b>227</b>	<b>377</b>	<b>+150</b>	
<b>Total net assets</b>		<b>3,250</b>	<b>3,095</b>	<b>-155</b>	Retained earnings -157
<b>Total liabilities and net assets</b>		<b>3,477</b>	<b>3,472</b>	<b>-5</b>	

### The business expanded on the strength of integrated edge-to-cloud solutions



#### ● 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  
Shipment in the fiscal year ending March 2023 due to semiconductor shortage

#### ● Won PoC project for detection of dangerous behaviors in public transportation



### Progress in expanding solutions for autonomous mobile robots and robotic picking, partnering, and producing results

#### ● Expansion of the ZIA™ portfolio

- **ZIA™ MOVE**: Software for autonomous mobile robots that encompasses ZIA™ SLAM and provides a complete set of perception, judgment, 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 centered on PoC, including ones for Yamaha Motor, are getting more active

- Continued collaboration with Yamaha Motor on AI implementation in various products, including field testing
- Started providing edge AI platform and integration services using event-based vision technology with Restar Electronics and Prophesee
- The number of business projects with other customers, mainly PoC, is increasing.

#### ● Started and expanded business with Cambrian vision systems

- Invested in Cambrian, a company that develops and sells vision systems for collaborative robots, as a minority shareholder, and partnered with Cambrian for sales in Japan and technology complement
- Jointly developed applications, concluded contracts for specific projects with end customers, and made business progresses through collaborations with robot trading companies and Slers

# Fiscal Year Ended March 31, 2022: Progress of Initiatives

## Robotics Field - Event-based Vision Solution

### ● Event-based Vision Technology

- Asynchronous detection of only those pixels that have changed due to subject motion or changes in the surrounding environment
- Realizes data savings, ultra-low power consumption, high-speed and high-sensitivity sensing, and high dynamic range\*.
- Solves the problems of conventional machine learning of frame images, such as a collection of huge amounts of data for training, huge amount of computing power, and limitation of recognition due to light conditions



Image by courtesy of Prophesee

### ● Collaboration with Restar Electronics and Prophesee

- Launch of edge AI platform and integration services using event-based vision technology
- Target markets: Recognition and motion line monitoring of people and vehicles at intersections, street corners, downtown areas, stores, inside buildings, train stations, airports, etc.



Restar Electronics Corporation

Event-based sensors and development environment (METAVISION)/machine learning algorithms

- AI learning from machine learning algorithms and inference model creation
- Integration into ZIA™ C3 FPGA modules and other edge AI
- Optimization from algorithm to hardware to achieve target accuracy and performance

Provide total service to customers, including data acquisition, provision of edge AI platform, and system installation



Appearance of ZIA™ C3 and Prophesee's event-based sensor camera

\*Dynamic range: the ratio of the maximum to the minimum value of the signal, light or brightness in this case, that can be processed. Areas beyond the dynamic range result in washed-out or blacked-out



# Fiscal Year Ended March 31, 2022: Progress of Initiatives

## Robotics Field - Cambrian Vision System



### ● Advantages of Cambrian's Vision System

- Can be attached to the arms of cooperative robots from various companies, including universal robots
- Compatible with items as small as 1 mm x 1 mm or less
- Suitable for plastic, rubber, metal materials, glossy, black, transparent, reflective surfaces, etc.
- High-speed 200ms of recognition processing
- Over 95% picking success rate
- DMP AI functions can be added (e.g., OCR, object recognition)
- Applications: bulk picking, cable insertion and wiring, kitting and assembly of a wide variety of parts for assembly



### ● Jointly developed and started offering "Automatic Mail Sorting System" with Takashima Robot Marketing

- Combination of Takashima Robot Marketing's Universal Robot cooperative robots and DMP's Cambrian vision system and AI character recognition software
- Automation and manpower saving in mail sorting



### ● Collaboration with Sler and robot trading companies to develop customers and applications

Closed deals and progressed in specific projects to save manpower and improve productivity for end customers, mainly in the automotive and EV industries, by leveraging the advantages of Cambrian's products

### ● Expansion of Amusement Business, Large-Scale Order

Received a large-scale order of 1,602 million yen for RS1 to be delivered to the customer in April 2022 or later



### ● Adoption of GPU/AI IP, start of royalty business

- DMP's 3D graphics IP "ant300" and 2D graphics IP "K3000" were adopted for OM Digital Solutions' new mirror-less SLR camera "OM SYSTEM OM-1"

The balance between rendering performance and silicon size, as well as customization and technical support based on DMP's extensive knowledge of GPUs, were highly evaluated



- Won royalty business of AI processor IP "ZIA™ DV720" adopted for consumer products scheduled to start in the fiscal year ending March 31, 2023



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## ● Japan / World Economy

- Uncertainty is expected to continue, although degrees vary by region and country, due to the impact of the prolonged COVID-19 disaster and increased geopolitical risks, such as the situation in Ukraine

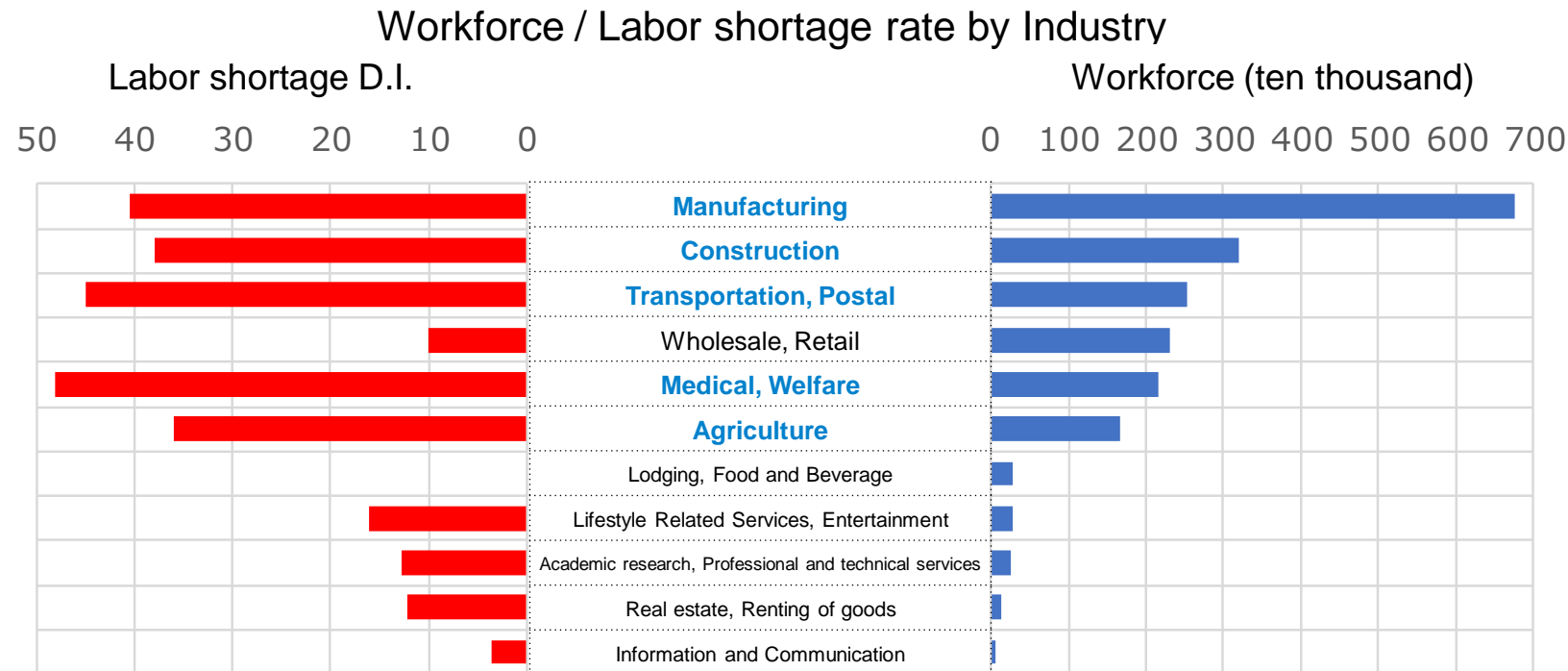
## ● Semiconductor / AI Industry

- Excess demand and supply shortage for semiconductors is expected to continue in the short term, and demand for AI/IoT is expected to grow in the medium term as well
- Acceleration of innovation and increased AI roles are expected for solving social problems including the declining birthrate and the aging population, the COVID-19, and the climate change

## ● Amusement Machine Industry

- The introduction of smart pachinko, pachislot machines type 6.5 and smart pachislot is expected to expand game features and stimulate the market
- Concerns over a decline in halls' willingness to invest due to a lull in demand for replacement of old and new regulation machines, and a shortage of semiconductors and materials required for machine manufacturing

The most promising industries for the introduction of robots from working population and labor shortage point of view are manufacturing followed by construction, transportation, medical and welfare, and agriculture.



#### Source

**Workforce:** Of the workers by industry and occupation in the March 2022 Labor Force Survey (Statistics Bureau, Ministry of Internal Affairs and Communications), DMP counted the number of workers in the agriculture, forestry, and fishing industry, production process workers, transportation and machine operators, construction and mining workers, transportation, cleaning, and packaging workers, and care service workers, which are occupations where the introduction of robots is expected to have higher effects.

**Labor shortage D.I.:** D.I. (Diffusion Index) of excess/shortage of workers (shortage - excess) for transportation/machine operation, skilled workers, simple workers, and services (medical and welfare only) from the February 2022 Survey of Labor and Economic Trends (Ministry of Health, Labor and Welfare), weighted by the number of workers in the above occupational categories.  
(For agriculture, the employment situation D.I. from the January 2022 Agricultural Business Conditions Survey (Japan Finance Corporation) was used.)

## Priority Measures: Safety Field

- Aim for stable growth by providing new IP core licenses, recurring businesses, and professional services
- Expand business from safe driving assistance to broader safety field

- **Business expansion by deeply cultivating existing customers and acquiring new customers**

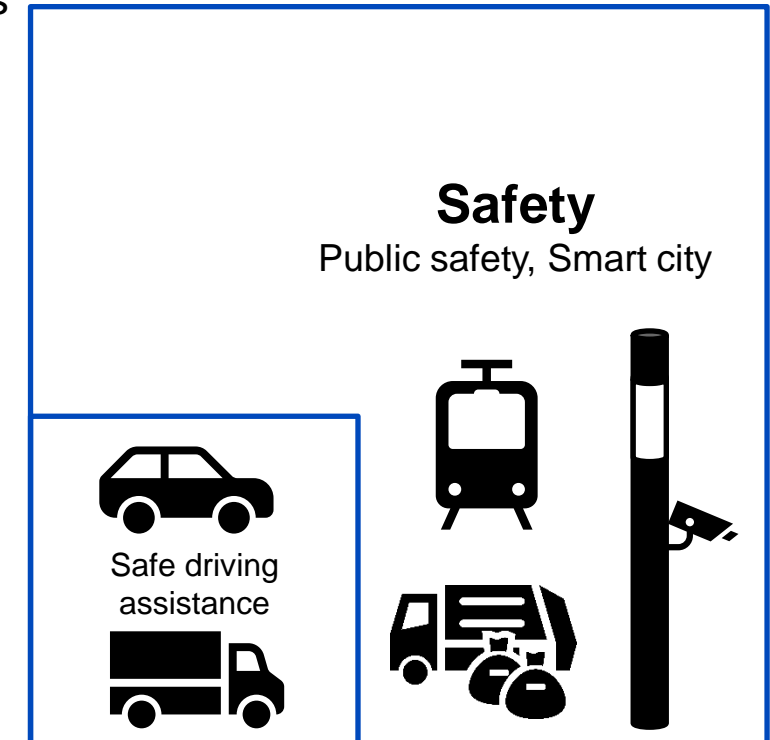
- Total support from edge (ZIA SAFE) to cloud (ZIA Cloud SAFE)
- Improvement in accuracy of existing functions and development of new functions

- **Recurring business growth**

- Subscription revenue growth through expansion of customer project base
- Expansion of running royalties by utilizing OTA\* (Over-the-Air) as well

- **Business expansion from safe driving assistance to broader safety field**

- Perimeter monitoring of commercial vehicles
- Hazard detection and prediction for public transportation
- Contribution to smart cities (human attributes, flow, headcount, hazard detection/prediction)



\*OTA (Over-the-Air): Technology to send and receive data (software) via wireless communication

- **Expand reach to industries with high robotics implementation effectiveness (manufacturing, transportation, etc.)**
- **Focus on areas and technologies where the DMP robotics portfolio can demonstrate competitive advantages and add values**

- **Refinement and focus of proprietary technologies**

- Further improve accuracy and functionality of existing ZIA series such as ZIA™ SLAM (MOVE)
- Develop and productize element technologies that can demonstrate competitive advantages

- **Collaboration with other companies and establishment of an ecosystem**

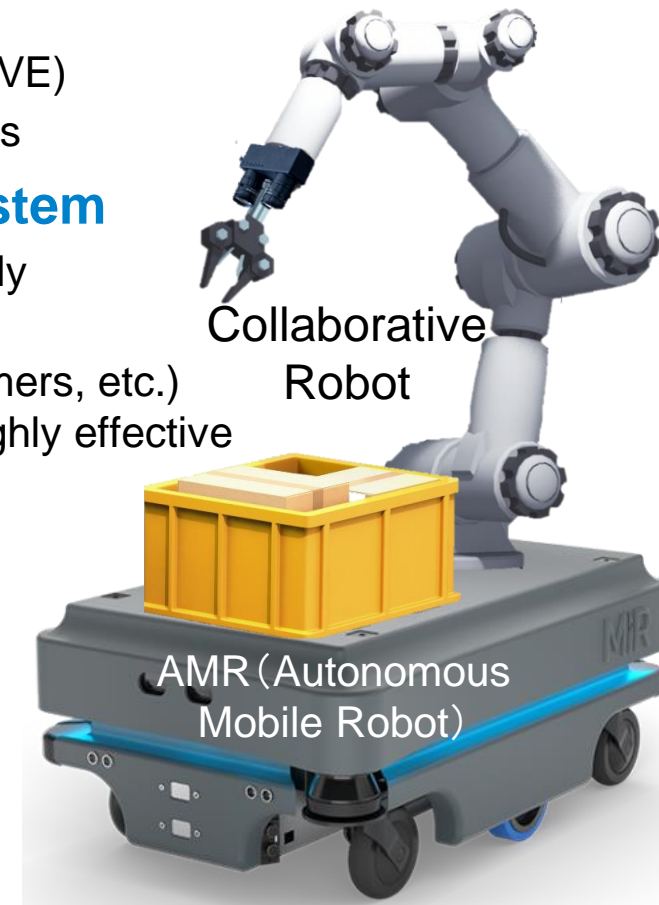
- Continue AI implementation projects for various Yamaha Motor applications, and horizontally deploy joint deliverables
- Collaborate with the ecosystem (technology trading companies, Slers, service/tech platformers, etc.) to expand reach to manufacturing, transportation, and other industries where robots are highly effective

- **Expansion of Cambrian vision system business**

Maximize customer projects by leveraging strengths such as accuracy, speed, and a wide range of picking targets

- **Pursuit of high added value**

- Acquire added value by combining Cambrian vision system with DMP's OCR function, non-CAD picking function, etc.
- Increase the weight of IP core license business with higher added value





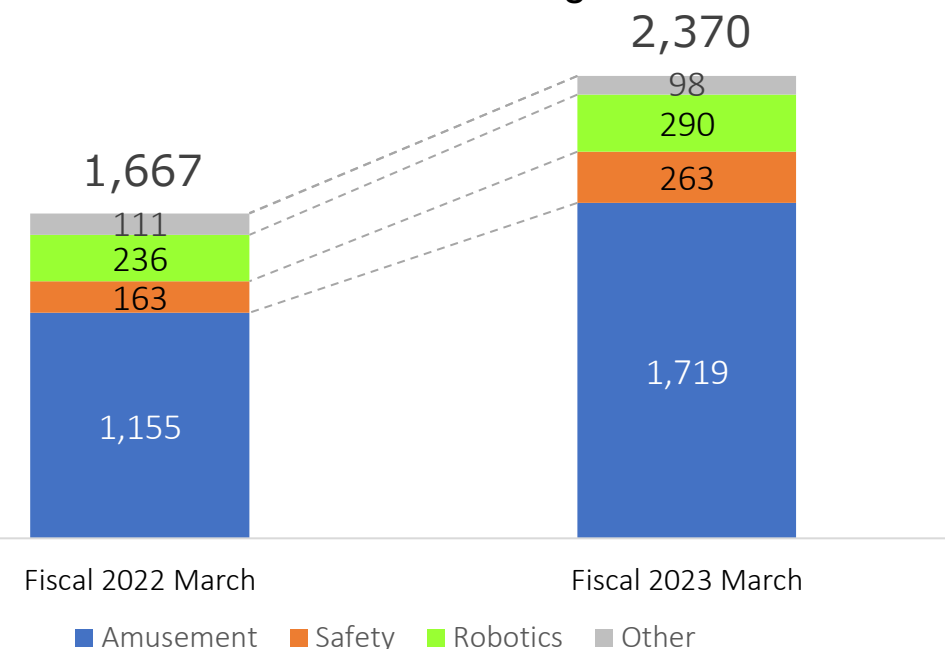
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## Forecasting 42% increase in sales and return to profitability for the fiscal year ending March 31, 2023 Contribute to "realization of a safe and secure society" and "solution of social issues" and expand image processor business

- Amusement: Continue mass production shipments of image processor RS1 in response to large-scale orders
- Safety: Continue to grow business for dashcams and expand into the public safety field
- Robotics: Develop a portfolio of DMP products and services with competitive edges for autonomous mobile robots and collaborative robots
- Continue to invest in human resources to strengthen the development system for mid-term sustainable growth

(Unit: million yen)	FY March 2022 (Actual)	FY March 2023 (Forecast)
<b>Net sales</b>	1,667	<b>2,370</b>
<b>Operating income</b>	△126	<b>25</b>
<b>Ordinary income</b>	△122	<b>25</b>
<b>Net income attributable to owners of the parent</b>	△157	<b>20</b>



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