The following is an English translation of the transcript of the first part of the 46th IR Seminar for Individual Investors (Zoom Webinar) hosted by Logmi Finance on December 10, 2022, and presented by Digital Media Professionals, Inc. In the event of any discrepancy between this document and the Japanese original, the latter shall prevail.

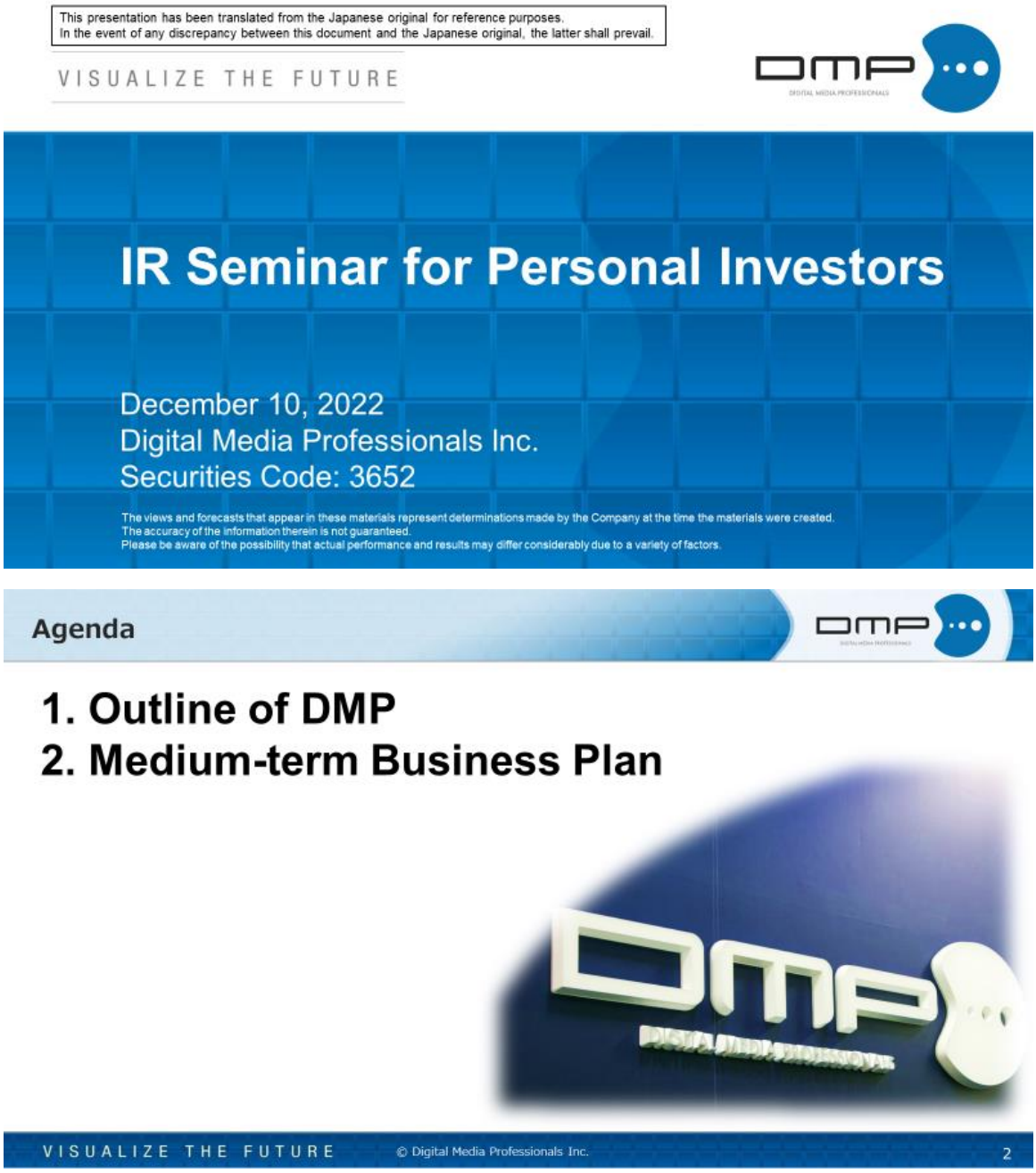
[Speakers]

Tatsuo Yamamoto, Chairman and CEO, Digital Media Professionals, Inc.

Tsuyoshi Osawa, President and COO, Digital Media Professionals, Inc.

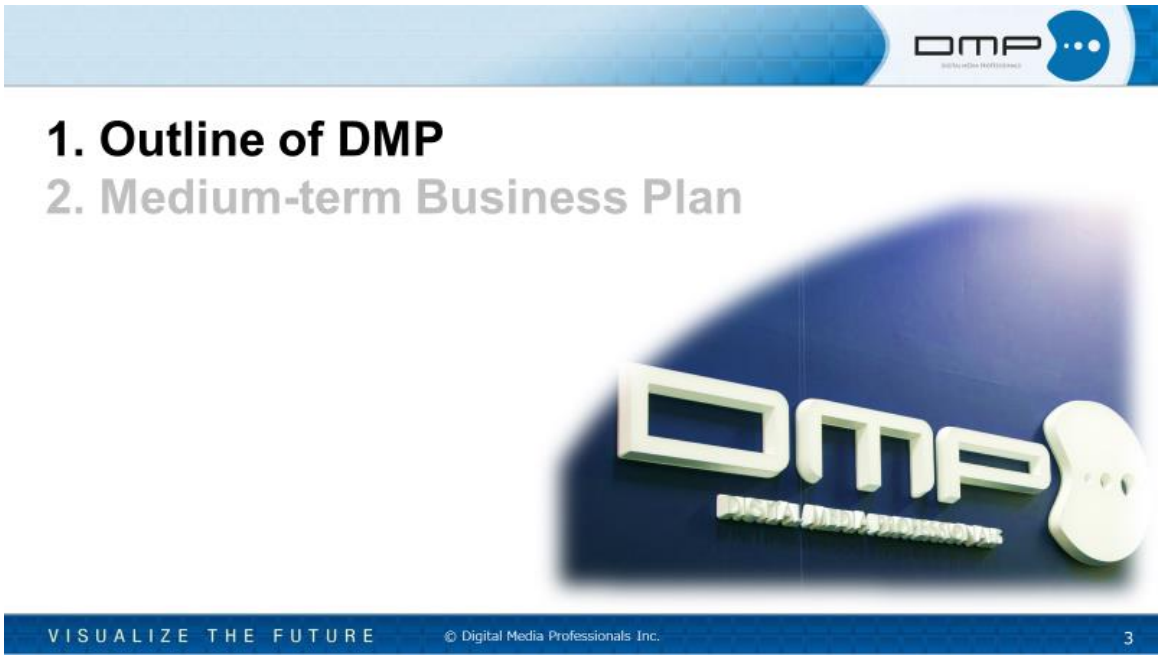
Mr. Shintaro Sakamoto (B Comm.), Former Fund Manager / Former Dealer

Ms. Mariko Masui, Economic Analyst and Management Consultant



Osawa: My name is Osawa, President and Representative Director of Digital Media Professionals, Inc. Because our company name is a bit long, we call ourselves "DMP" both internally and externally. Thank you very much for joining our IR seminar today.

Here is today's agenda. First, as "Outline of DMP," I will give our overview and strengths, as well as an explanation of our business and specific initiatives, including some video clips. After that, I will briefly explain our medium-term business plan.



Osawa: Since our founding in July 2002 as a university-launched start-up, we have been engaged in businesses with graphics technology at the core. We have developed three

businesses in the fields of computer vision, visual computing, and AI based on our advanced graphics technology, which has been adopted in Nintendo's "Nintendo 3DS" game console.

Firstly, in the IP core license business, among the semiconductor design know-how, we develop and license and sell IP cores that specialize in the functions of graphics semiconductors, so-called GPUs (graphics processing units), which perform the computational processing required for rendering 3D graphics. This business also includes the development and sale of IPs and software related to AI.

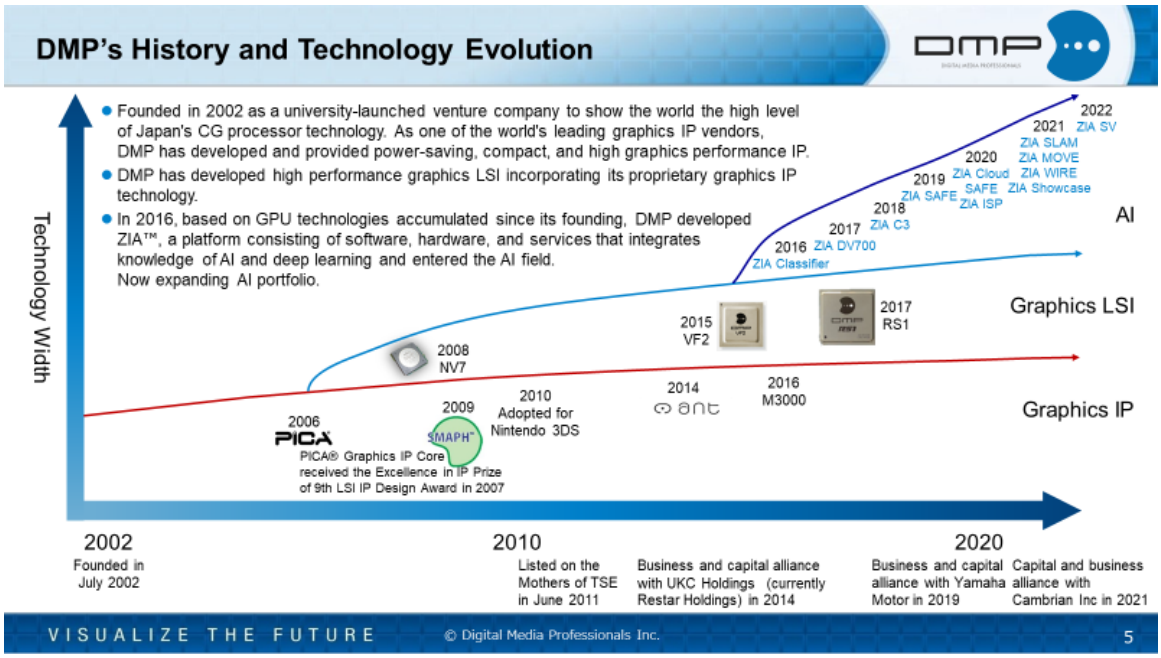
Secondly, the product business includes the development and sales of products such as image-processing semiconductors for the amusement market and AI FPGA modules.

Thirdly, the professional service business is the contract services business, which responds to customers' development or unique requirements.

In these three businesses, we provide integrated development of algorithms, software, and hardware, which is one of our strengths, and contribute to solving issues faced by our customers and society. We are proud to say that there are not many AI companies that have such an integrated development system. Furthermore, we provide added value throughout the development lifecycle of our customers' products and services, from research and planning to mass production, in order to maximize LTV (customer lifetime value).

The number of consolidated employees is about 70. Including our development subsidiary in Vietnam, we have more than 50 engineers and researchers from all over the world.

I will explain the details later, but here I would like you to remember the key phrase: "We provide consistent AI/visual computing services from algorithm/software to hardware, and from the edge to the cloud”.



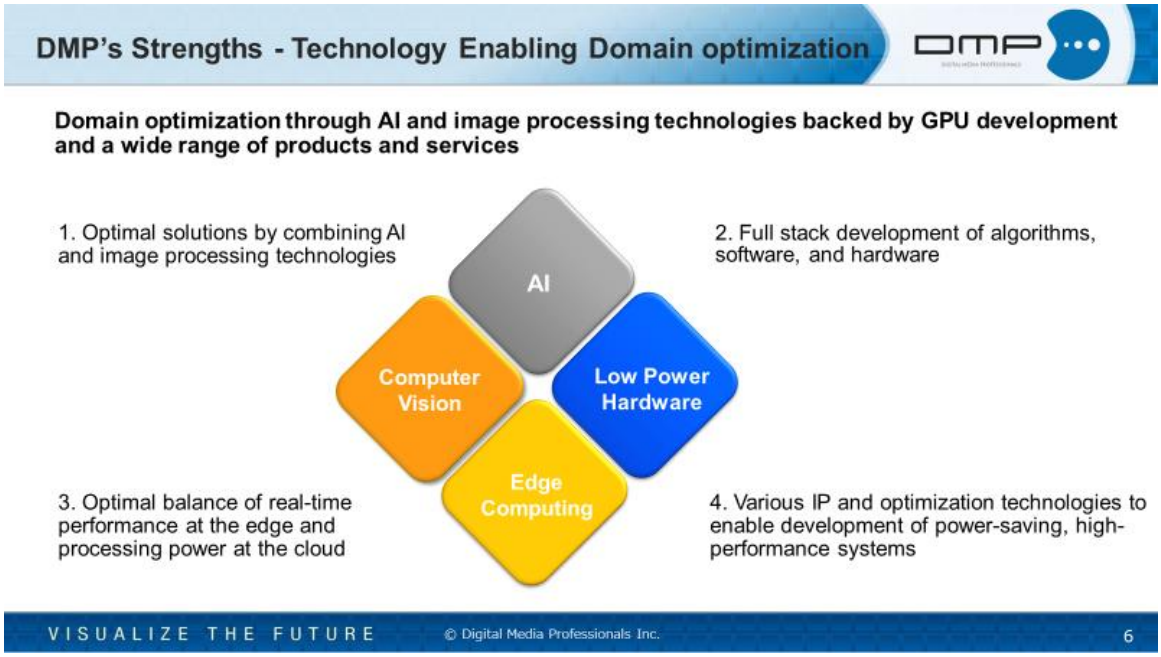
Osawa: I would like to explain our history and the evolution of our technology. The horizontal axis represents time, and the vertical axis represents the breadth of the technology.

Since our founding in July 2002, we have developed graphics IP that is power efficient, compact and boasts high graphics performance. In 2010, our IP was adopted for Nintendo's "Nintendo 3DS," a game console with a total shipment of approximately 80 million units. Mr. Iwata, who was Nintendo's president at the time, told us that he chose DMP's IP because he thought it offered a good balance between power consumption and expressive power.

Subsequently, we developed high-performance graphics LSIs for the amusement market that incorporates our graphics IP technology. In 2016, we entered the AI field by developing ZIA, a platform consisting of software, hardware, and services that combine our knowledge of AI and deep learning based on the GPU technology we have accumulated since our founding. We continue to expand our portfolio in this area.

In addition, we formed a business and capital alliance with electronics trading company UKC Holdings (currently Restar Holdings) in 2014 and with Yamaha Motor in 2019. As the largest shareholder, Yamaha Motor holds approximately 10 percent of the shares and Restar Holdings approximately 9 percent, and we are pursuing business alliances in a good relationship.

In 2021, We have taken a minority stake in Cambrian, which develops and sells image recognition systems (vision systems) for cooperative robots, as a minority shareholder, and holds exclusive rights to sell Cambrian's products in Japan as a distributor. Cambrian is headquartered in the United States and has its development center in the United Kingdom.



Osawa: Let me talk about our strengths: Firstly, we can provide optimal solutions by combining AI, computer vision, and image processing. Only about one-third of a customer's specific problem can be solved by AI today. The remaining two-thirds require the use of conventional technologies such as image processing. Solutions cannot be created without an optimal combination of these technologies.

There are very few vendors that can achieve this, even on a global basis, so we have a significant advantage in this area.

Secondly, we can develop a full stack of algorithms, software, and hardware. We have been working on extremely difficult GPU technology, and in the process of working on image processing and AI in stages, we have developed a system that enables us to consistently develop algorithms, software, and hardware, which is a very strong base for us.

In fact, our customers appreciate that, unlike other companies, when they consult with us about AI, they can discuss everything from algorithms to hardware in a single session.

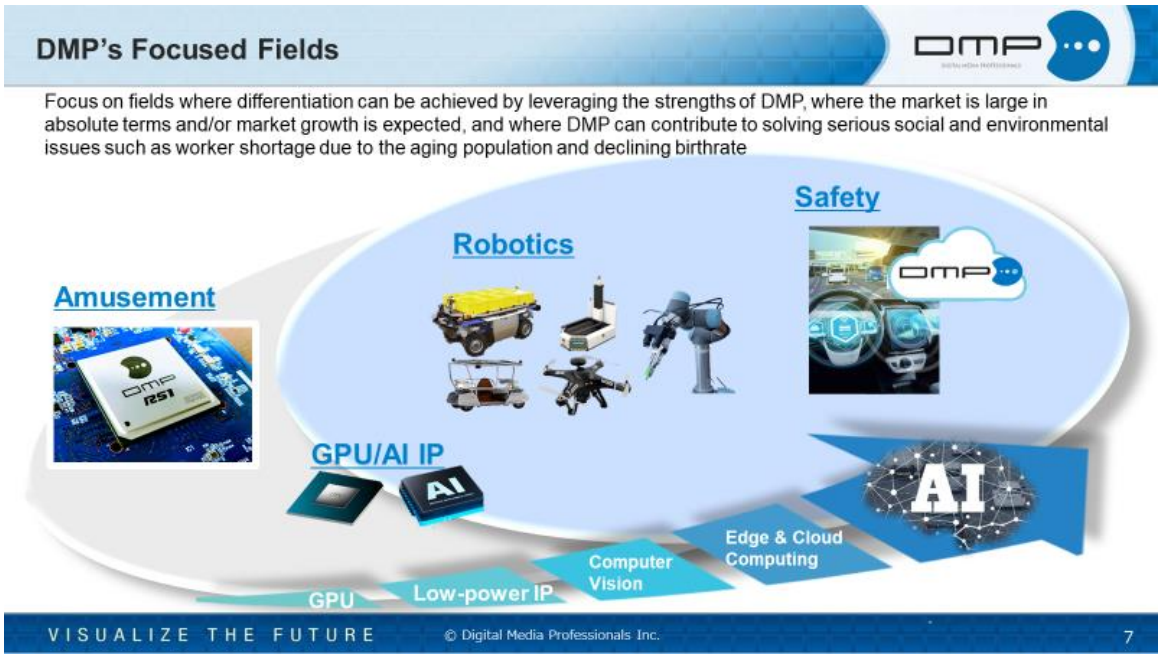
Thirdly, we can strike a good balance between real-time performance on the edge side and processing power on the cloud side. We have been working on edge computing since early on. In the safe driving assistance field, for example, we have adopted a system that enables the optimal arrangement of various functions at the edge, i.e., cars and dashcams installed in the car, and in the cloud, i.e., web services that users access via the Internet, such as "Amazon Web Services."

Functions that require real-time performance, such as warning functions for events that directly lead to accidents, such as head-on collisions and lane departure, are inferred and processed on the edge side. On the other hand, functions such as learning from huge amounts of teacher data and image data and analyzing near-miss events are performed on the cloud side because the amount of processing is extremely large.

Fourthly, we possess various hardware IP development and optimization technologies that enable the development of power-saving, high-performance systems.

Thus, we offer our full stack of AI and image processing technologies, backed by GPU development and built up step by step, through a wide range of products and services. We believe that our strength lies in the fact that we can thereby optimize our customers' or our target domains.

We believe that our strength is a sustainable competitive advantage because it is based on the experience and knowledge we have accumulated over the years.



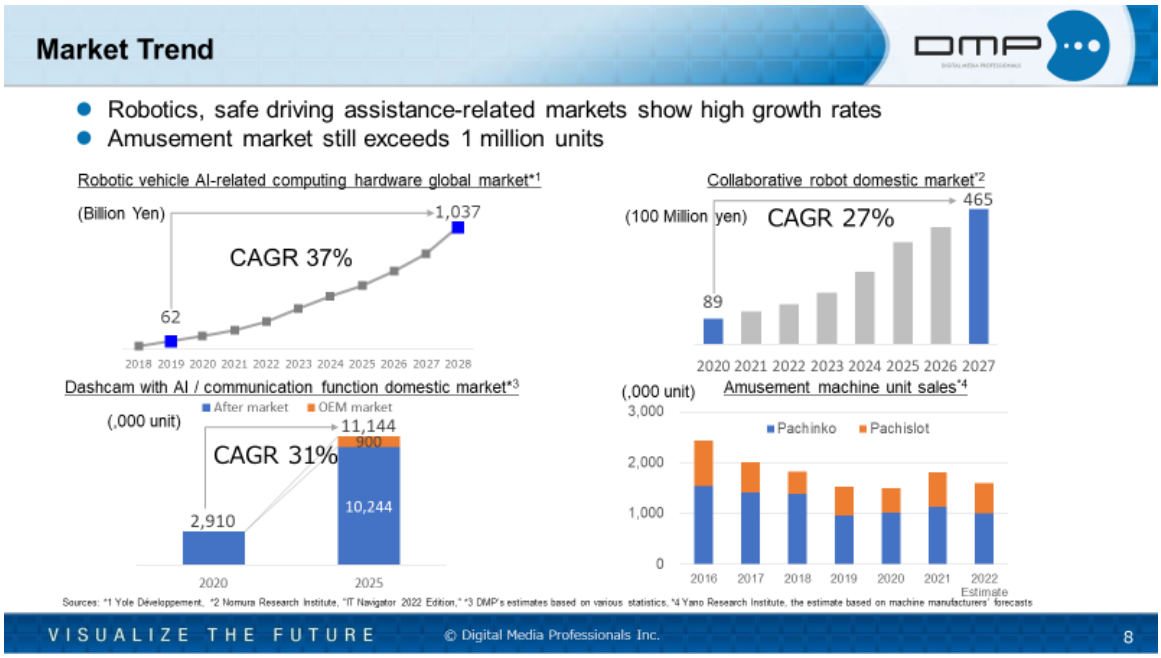
Osawa: I would like to talk about our focused fields. Firstly, we need to focus on a field where we can take advantage of our strengths as I have mentioned.

The four fields shown on the slide may appear to be different from each other at first glance, but in fact, they share the same underlying technologies. Specifically, they are "GPUs," "power-saving IP," "computer vision," "edge & cloud computing," and "AI," which are listed at the bottom of the slide.

Secondly, it should be a field where market growth is expected or where the market size is absolute.

And thirdly, it should be a field that can contribute to solving serious social and environmental issues such as the declining workforce and the realization of a safe and secure society, as well as the issues faced by our customers.

Considering the above three points, we are currently focusing on the safety, robotics, and amusement fields, as well as the IP field for digital devices, which has been our business since our founding.



Osawa: I would like to talk about market trends in our focused fields of robotics, safety or safe driving assistance, and the amusement machine.

Firstly, the "robotic vehicle" shown in the graph in the upper left corner of the slide is an autonomous robot used indoors or outdoors at low speeds of 20 km/h or less. This market is projected to grow at an annual rate of 37 percent.

In addition, as shown in the graph on the upper right of the slide, the domestic market for cooperative robots that work with humans without safety fences is projected to grow at an annual rate of 27%, indicating that the market for robotics is expected to grow at a high rate.

As shown in the graph on the lower left of the slide, the market for dashcams with AI/communication functions in the field of safe driving assistance is also expected to expand at an annual rate of more than 30 percent.

Furthermore, please see the graph on the bottom right of the slide. The pachinko / pachislot market has also seen a bottoming out of the downward trend over the past several years and remains a large market of more than 1 million units.

Osawa: From here, I will explain an overview of our focused fields, topics, and videos. Firstly, in the safety field, we utilize dashcams as edge devices and provide a platform for the development of seamless safe driving assistance systems from the edge to the cloud.

In addition, we flexibly respond to customers' needs through recurring businesses such as running royalties and subscription services.

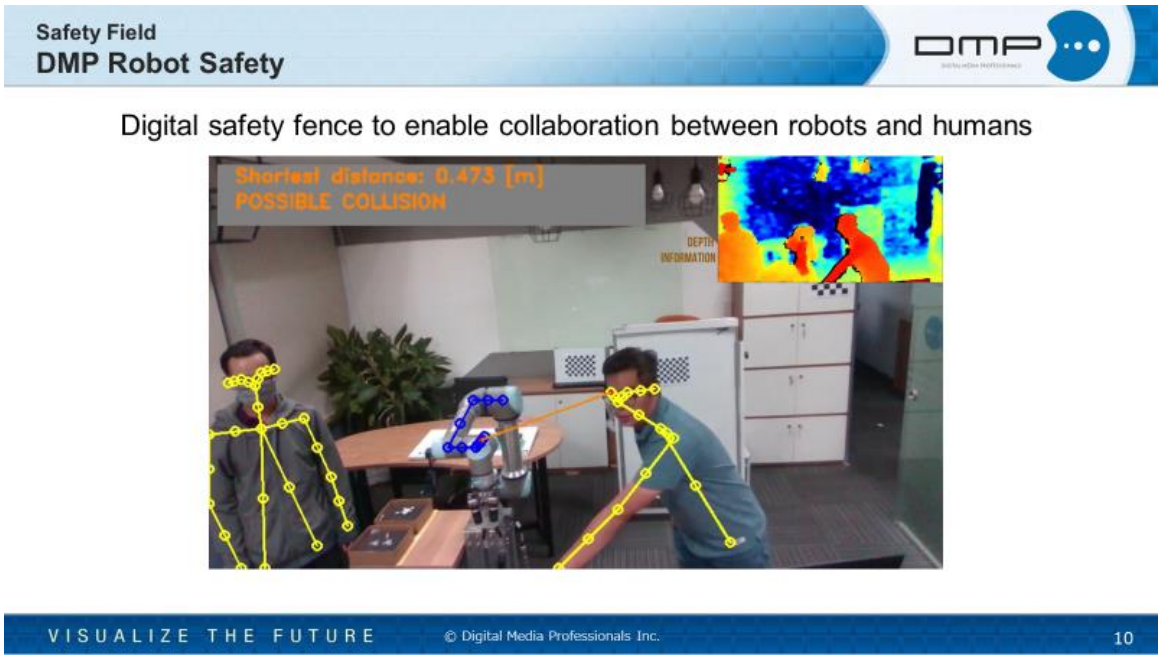
At the edge, ZIA SAFE detects serious hazardous events such as lane departure and drowsy driving in real time and prevents accidents.

In the cloud, "ZIA Cloud SAFE" automatically identifies and accumulates near-miss events, which are then used for safe driving education for corporate vehicles. Our service is provided to dashcam manufacturers such as JVC KENWOOD and DENSO TEN, customers who provide services such as Sumitomo Mitsui Auto Service, and customers in the insurance industry.

As shown in the lower center of the slide, we are also expanding our business into the broader safety field of smart cities and public safety, using AI cameras of smart poles and surveillance cameras as edge devices. In the smart city field, applications include vehicle traffic volume and human flow/attribute surveys.

In the public safety field, the Keio Line stabbing incident that occurred in 2021, so-called "Keio Line Joker Incident," may be fresh in your mind. We are working on such applications as detecting and predicting dangerous or injurious acts in public transportation.

Our business in these areas is still in the PoC (proof of concept) stage and is small. However, we believe that this will be a very exciting business when scaled up, such as data sales to local governments and road administrators.



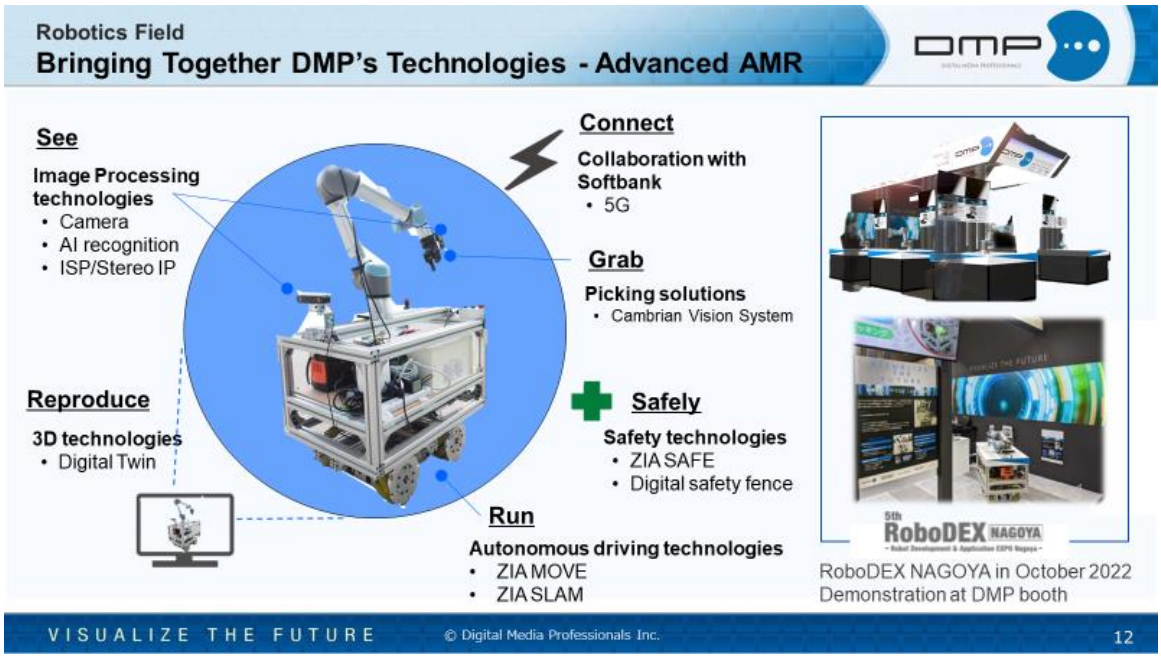
Osawa: As an example of "ZIA SAFE" application, please watch the video of "DMP Robot Safety," a digital safety fence. When a cooperative robot is working in the same space as humans, the AI camera judges the human and robot from the skeleton and prevents interference and contact. As you can see, when the distance between the human and the robot gets closer, the robot stops or slows down.

Compared to physical safety fences, we believe that digital safety fences can be overwhelmingly cost-effective.

Osawa: In the robotics field, we offer ZIA MOVE, a seamless development platform for recognition, judgment, and operation that includes ZIA SLAM, which simultaneously estimates the self-position and creates a map of the surrounding area necessary for robots to autonomously move.

The Cambrian vision system, which serves as the "eye" of the robot arm of cooperative robots and other robots, has been highly evaluated for its accuracy, speed, wide range of picking targets, and stability under ambient light conditions, leading to increased adoption and high-probability prospects in the manufacturing industry, particularly in the automotive industry. The ability to recognize and pick items that cannot be recognized by other companies' products has been received with positive surprise by customers.

Furthermore, we are developing an advanced autonomous mobile robot (AMR), powered by "ZIA MOVE" and equipped with a robot arm. Such technologies, products, and services, as well as combinations of them, are provided to Yamaha Motor, a business and capital partner, and to customers in the manufacturing, logistics, and construction industries, as well as agriculture, facing challenges such as workforce shortages and hard-working environments.



RoboDEX NAGOYA in October 2022
Demonstration at DMP booth

Osawa: We believe that advanced AMR is the next generation of robotics, and by mobilizing our technologies, the robot can "see," "run," and "grab." For "seeing," we use DMP's image processing technology, as well as camera and AI technologies. For "running," we use "ZIA MOVE", and for "grabbing," we use "Cambrian Vision System."

For "connecting," we are currently working with Softbank to connect the robot's environment to a 5G network and enable it to do various things from the cloud. Furthermore, to "safely" use such robots, we use our "ZIA SAFE" safety technology.

For "reproducing," we use our 3D technology in the lower left corner of the slide. Like the buzzword "digital twin" that has been used recently, we build such robots and an environment that includes robots in a virtual space. By doing so, we would like to build a system whereby the development, testing, and verification of the robot system, as well as handling problems as they arise, can be done in a virtual space.

Osawa: We demonstrated an actual working model at our booth at the Nagoya RoboDEX exhibition held from October 26 to 28, 2022. Please look at that video.

Here, the robot equipped with "ZIA MOVE" drove autonomously to its destination. Then, the robotic arm equipped with a "Cambrian Vision System" on top of it, picked bolts from a tray of items.

This was built by DMP, Cambrian, Softbank, and an organization called iRooBO. This will support the complete automation of parts transfer and other processes that do not add value in the manufacturing industry.

Osawa: The "Cambrian Vision System" is a vision system that serves as the eyes of a picking robot, and we have had exclusive rights to market it since last year.

The manufacturing industry has shifted from traditional mass-production-type production lines to flexible production lines or cell production lines for high-mix low-volume production. There, cooperative robots and people work together, and robots operate 24 hours a day to perform a variety of tasks.

European robot manufacturers are by far the strongest in this field, and a Danish robot manufacturer called Universal Robot has the largest share of the global market. By attaching a camera to the arm of a robot, which formerly has been computer-controlled, it is now possible to perform complicated tasks very efficiently and at high speed, and we are providing such a system.

Currently, we are also working on integration with major robot manufacturers other than Universal Robot and major Japanese robot manufacturers.

The first feature of this "Cambrian Vision System" is its ability to handle a wide variety of parts, including transparent and black parts, shiny metals, etc., without structured lights. We recognize that this is probably not easy to do with non-Cambrian systems.

In addition, it can be set up in two to three days, about one-fifth the time of conventional systems. We believe it is a huge advantage for users to be able to get up and running immediately after purchase. Recognition time is also so short that the work is completed in a very short cycle.

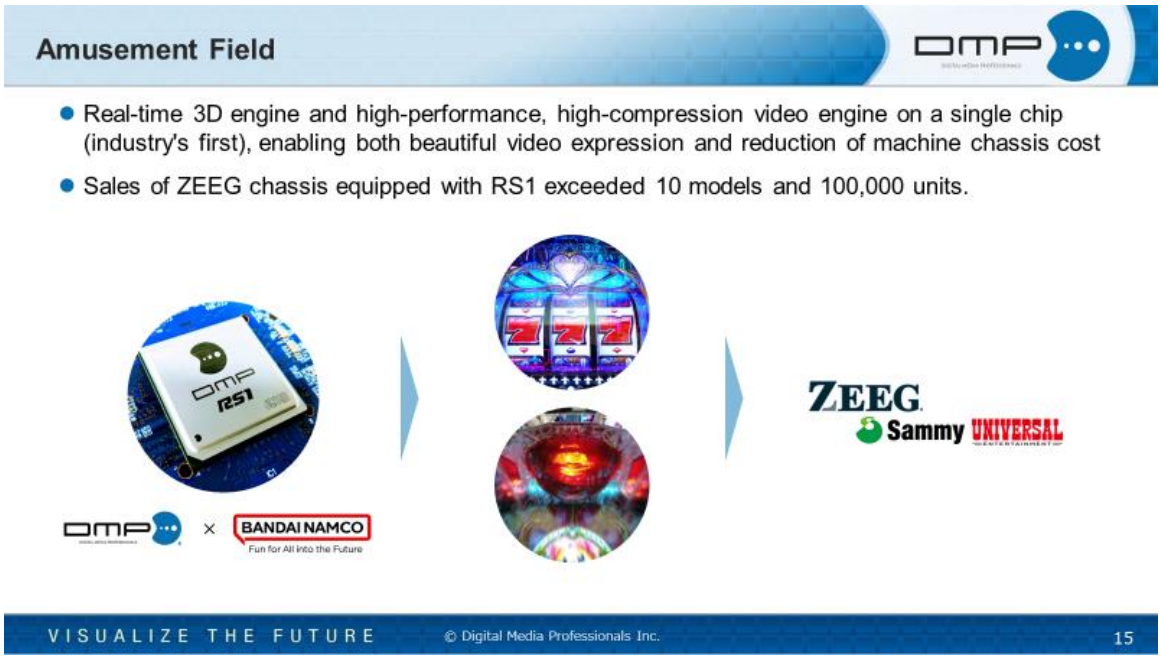
Furthermore, it is not affected by various external light disturbances and can work stably under various conditions. In terms of accuracy, it can detect and pick up parts with an accuracy of less than 1 mm.

Tasks that can be handled include bin picking, cable and connector insertion, component kitting, assembly and welding, inspection, and a wide range of other tasks.

In the interest of time, I will show two videos here: the first is a video of bin picking, picking transparent parts, and parts with black surfaces, which are normally very difficult

to handle. In addition, the random shining of light makes the conditions a major nuisance for the vision system, but the picking is stable. We consider this a very significant competitive advantage.

The second video shows assembly. The left side of the video shows a panoramic view, picking small parts and assembling the product. The right side of the video is an enlarged view of a part of the assembly. You can see that very detailed assembly work is being done precisely.



Osawa: In the amusement field, we have jointly developed with NAMCO BANDAI Sevens hthe "RS1," a graphics semiconductor that combines a real-time 3D engine used mainly for pachislot and a high-performance, highly compressed video engine used mainly for pachinko on a single chip, an industry pioneer. We offer it to ZEEG, a joint venture of Sammy and Universal Entertainment, and other customers.

We provide added value to pachinko/pachislot machine users and manufacturers by achieving both beautiful video expression and reducing the cost of the machine chassis.

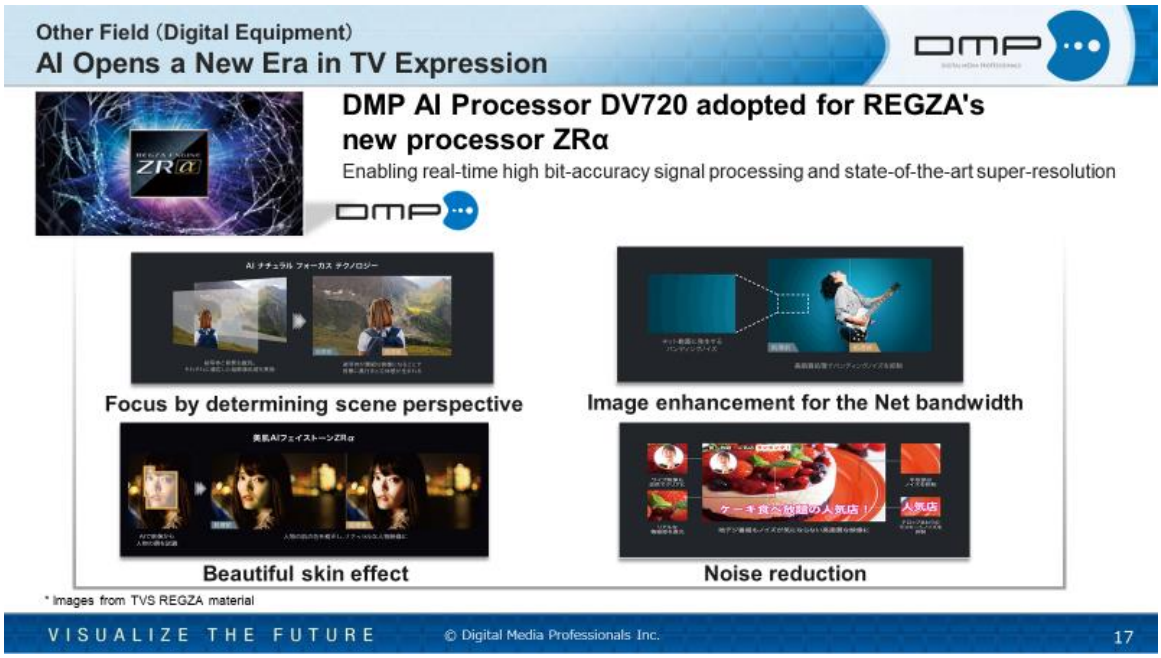
As we issued a press release on December 8, sales of ZEEG's chassis equipped with "RS1" exceeded 100,000 units and 10 types. Mr. Hoshino, president of ZEEG, commented, "We would like to work with various people to create new entertainment experiences by aggressively expanding sales of various chassis equipped with "HAYABUSA-ZEEG (RS1)" as our main products."

Mr. Kaneko, President of Bandai Namco Sevens, commented, "We hope to contribute to the creation of new entertainment by linking our accumulated technology, know-how, and IP in the entertainment field with "RS1/HAYABUSA."

Osawa: For other field, I will talk about our AI/GPU IP business for digital equipment. We provide small-size, low-power consumption, and high-performance IPs optimized for applications and SoCs in customers' digital equipment such as game consoles, digital cameras, OA equipment, and TVs as shown in the slide.

Our customers include Renesas Electronics, FUJIFILM, Olympus OM SYSTEM, TVS REGZA, and many other manufacturers.

Cumulative shipments of our customers' digital equipment incorporating our AI/GPU IPs reached 150 million units. More than half of them were for Nintendo's 3DS, but the use of AI/GPU IP in digital cameras, surveillance cameras, office automation equipment, TVs, etc. continues, and the business in the current fiscal year has been more successful than the same period last year due to new adoption and license renewal.



Osawa: Let me introduce one example of the actual use of our AI IP. Our "ZIA DV720" has been installed in "REGZA" 4K TVs, which went on sale in May this year. In 4K TVs, where Internet connectivity has become commonplace, AI can be used not only for TV programs but also for any content on the Internet, enabling a variety of new things to be done.

The upper left image in the center of the slide shows the focus based on the perspective of the scene; AI determines the content of the content, and accordingly, for example, in this case, focuses on the person’s side and blurs the focus on the background side to create an image with a very strong sense of perspective.

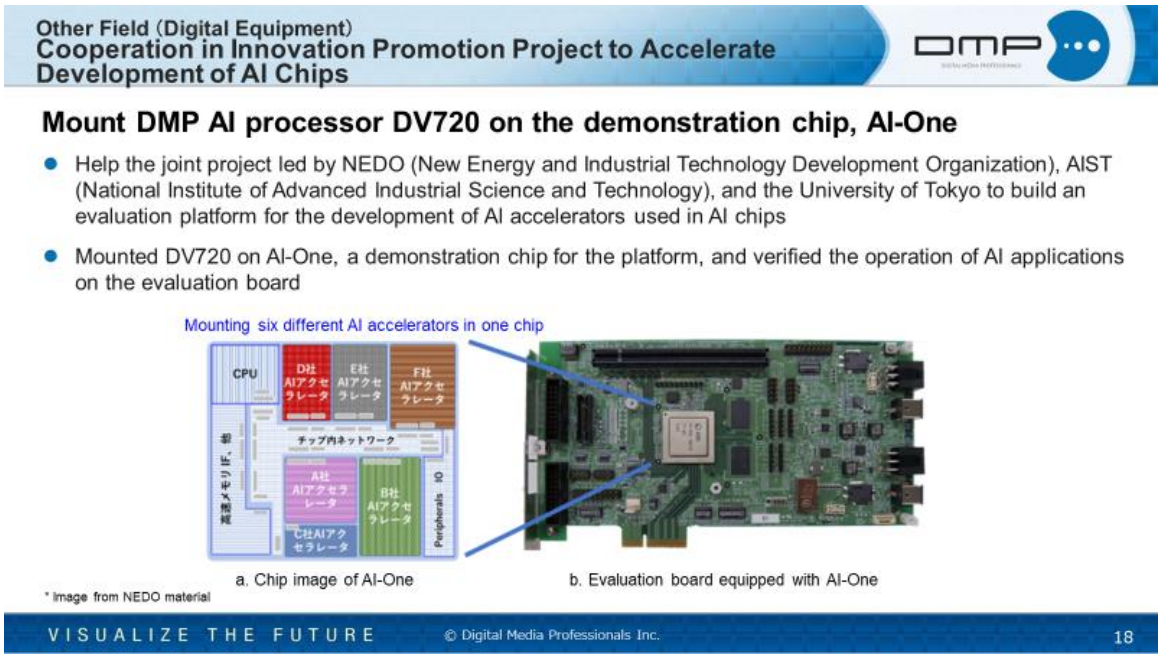
In the lower left image, the skin expression is changed to match the content reflected in the image. The proliferation of 4K and 8K large-screen TVs may mean a difficult time for TV personalities and actors, but the beautiful skin effect may complement them.

In the image on the upper right, AI determines the speed and bandwidth of the Internet and automatically smoothes out the noise in the Internet content using a technology called super-resolution.

The lower right image shows various noise reductions.

As described above, our AI technology is used to open a new era in the expressive power of display devices.

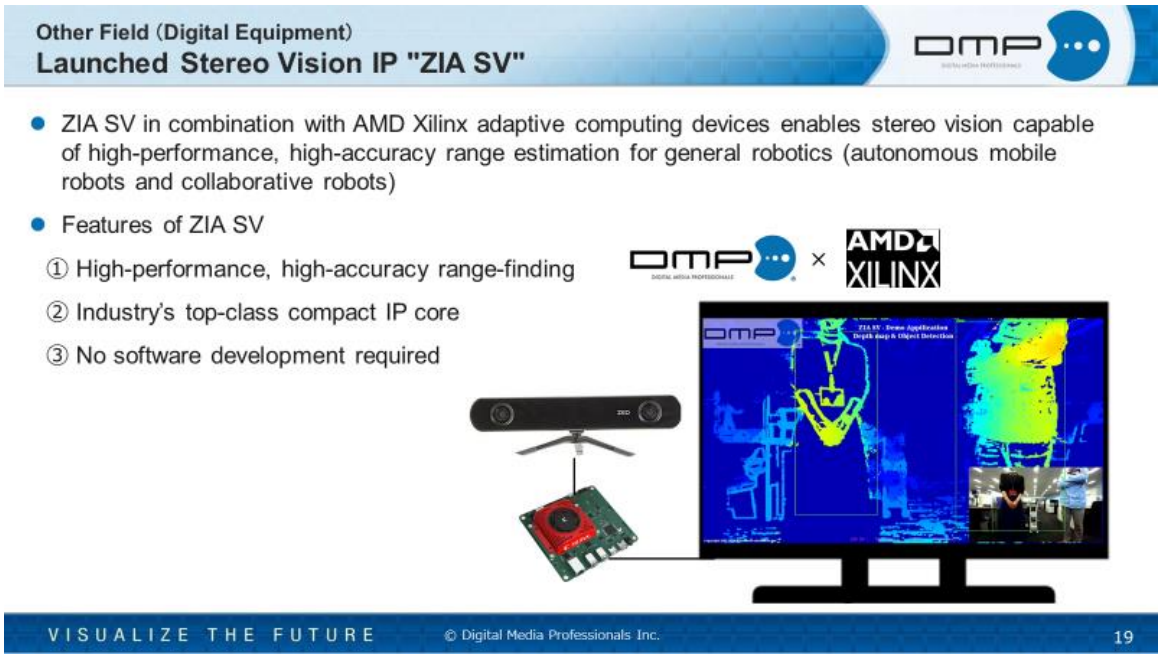
An industry report, "TechanaLye Report," published an article on the use of the ZIA DV720 in the HV8107 image processor for TVs jointly developed by Hisense and TVS REGZA. We are very much looking forward to the opportunity to expand the number of models equipped with the ZIA DV720, including Hisense's TVs, which have the leading market share in the world.



Osawa: Let me introduce one more topic on "ZIA DV720." "Innovation Promotion Project for Accelerating AI Chip Development" is being jointly promoted by NEDO (New Energy and Industrial Technology Development Organization), National Institute of Advanced Industrial Science and Technology (AIST), and the University of Tokyo. The project aims to support the development of an expensive design environment, which is a major barrier for Japanese venture companies and small and medium-sized enterprises to develop AI chips on a global scale. The AI Chip Design Center is being established and maintained on the University of Tokyo campus.

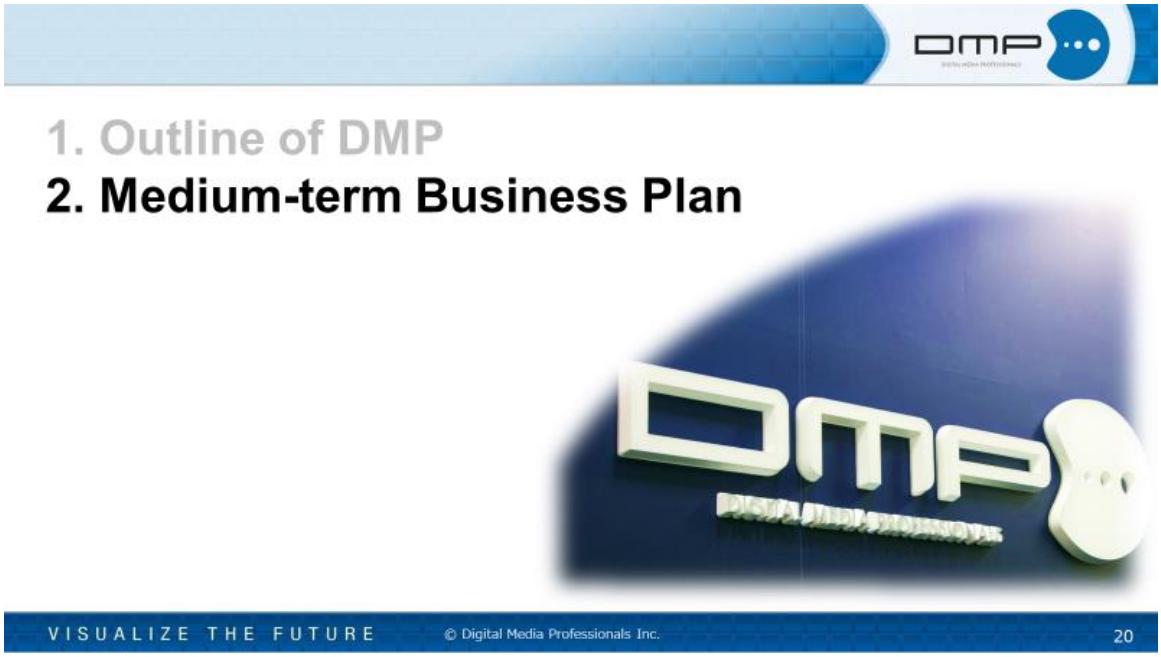
As part of this activity, we are cooperating in the establishment of an evaluation platform for the development of AI accelerators. Specifically, we have installed "DV720" in "AI-One," which is a demonstration chip for this evaluation platform, and are confirming the operation of AI applications on an evaluation board in which "AI-One" is implemented.

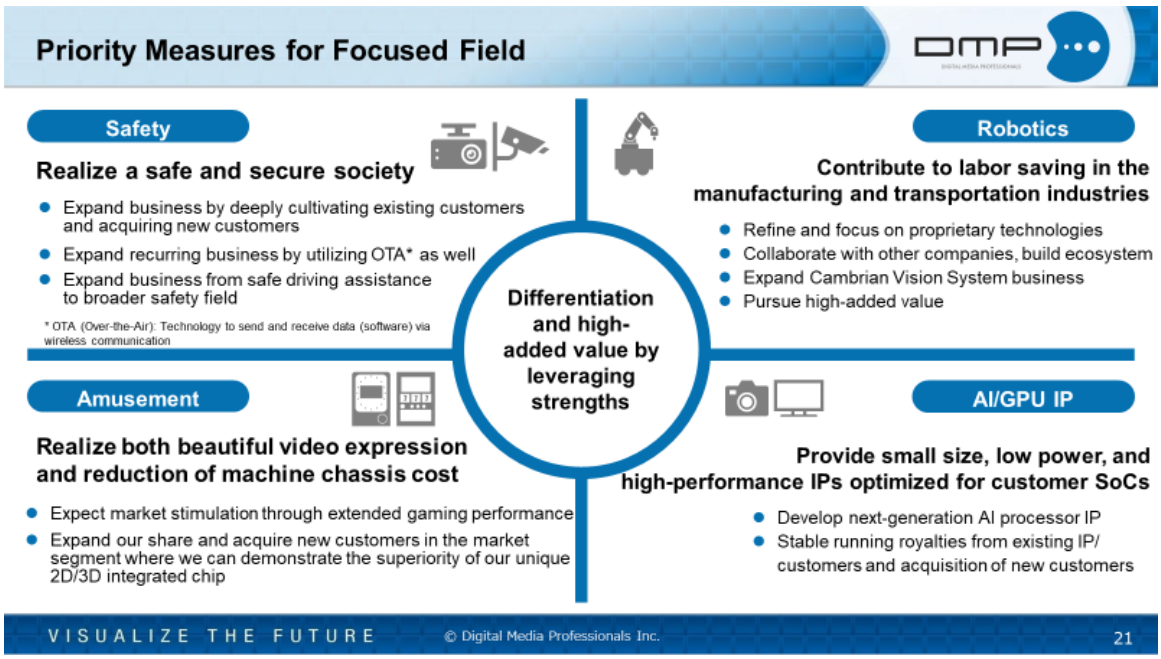
We will continue to cooperate with this project and utilize the knowledge and evaluation results obtained in this project for future AI processor development and business.



Osawa: I would like to talk about our stereo vision IP "ZIA SV" that we released in November. We have mobilized our compact IP core technology and implemented the functions required for distance estimation with stereo cameras as hardware in AMD Xilinx's Kria K26 SOM (System-on-Module). As a result, we boast smaller size, higher performance, and higher accuracy than competitors.

In the image on the slide, depth values are shown in shades of color, with red to yellow for near objects and deeper blue for farther objects. With lower noise and clearer object edges than competitors, we believe this IP is ideal for highly accurate distance estimation for autonomous and cooperative robots and will contribute to expanding our business in the robotics field.





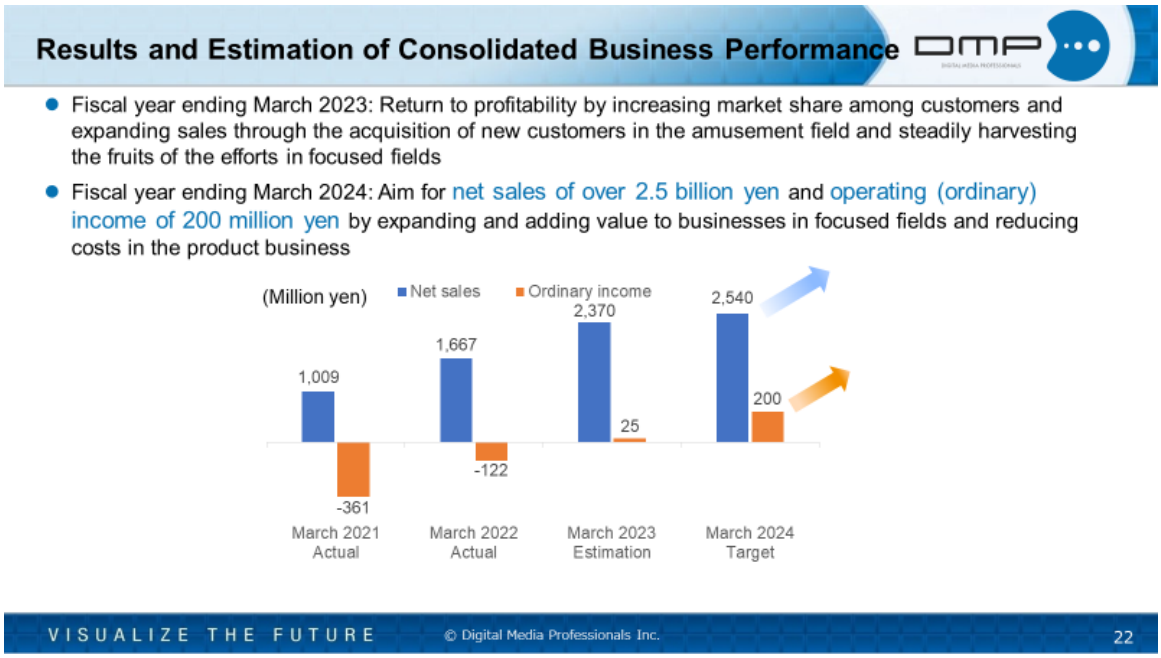
Osawa: As our medium-term business plan, I would like to explain our priority measures for the focused fields that we have talked about so far. In the safety field, we will expand our business by cultivating existing customers and acquiring new customers.

We will also work on increasing sales and profitability by expanding our recurring business by also utilizing Over the Air (OTA), in which our software is wirelessly implemented in the hundreds of thousands of dashcams already installed in end-user vehicles. In addition, we will steadily expand our business from safe driving assistance to the broader safety field. Through these efforts, we will contribute to the realization of a safe and secure society.

In the robotics field, we will continue to refine and focus on our own technologies necessary for autonomous driving, as well as collaborate with other companies and promote ecosystem building. In addition, along with expanding our business by leveraging the competitive advantage of the "Cambrian Vision System," we intend to create new value like the advanced AMR you just saw by combining technologies, products, and services, such as autonomous driving, "ZIA MOVE," and picking. With the above, we will contribute to solving social and customer issues such as labor saving in the manufacturing and transportation industries.

In the amusement field, although shortages of semiconductors and components have had a certain impact on machine production, we will accurately respond to market opportunities for Pachislot 6.5 machines, Smart Pachislot, and Smart Pachinko, which offer enhanced gaming performance. We will also continue to expand our market share and enter new customers in market segments where we can demonstrate the advantages of our unique 2D and 3D integrated chips.

In the AI/GPU IP field, we are developing a new processor that far exceeds the performance of the "ZIA 720" I mentioned earlier, with which we will expand licensing in new fields. We will also obtain stable running royalties from existing IPs.



Osawa: Lastly, for the consolidated performance, we plan to return to profitability in the fiscal year ending March 31, 2023, by increasing our market share among customers

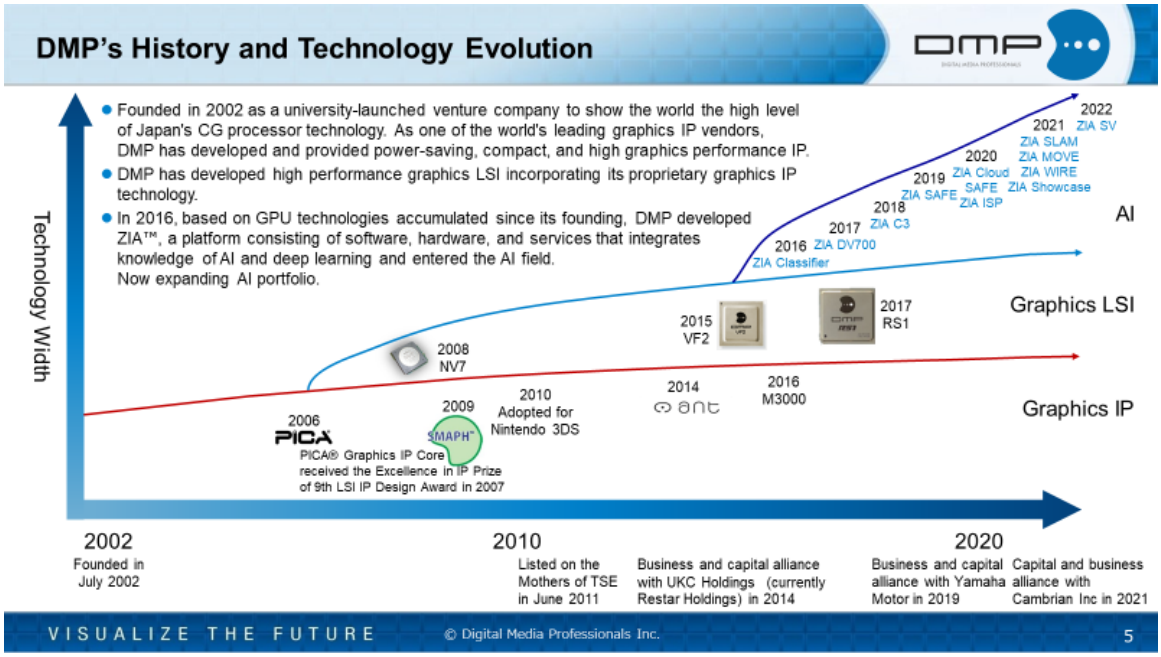
and expanding sales through the acquisition of new customers in the amusement field and steadily harvesting the fruits of the efforts in focused fields.

For the fiscal year ending March 31, 2024, we aim for net sales of over 2.5 billion yen and ordinary income of 200 million yen by expanding and adding value to businesses in focused fields and reducing costs in the product business.

We have positioned this year, the 20th anniversary of our founding in July 2002, as the beginning of our second founding period. We will accelerate our growth by leveraging the strengths we have built up since our founding to create technologies and innovations that will have an impact on society.

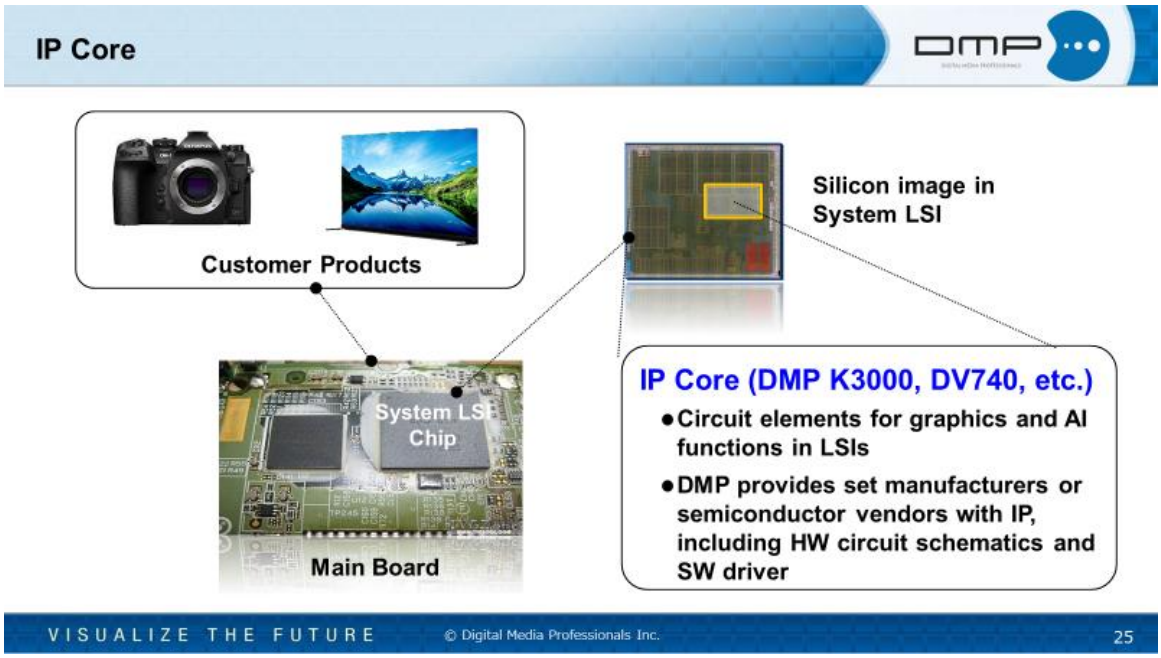
This concludes our IR seminar for individual investors. Thank you very much for your attention.

Q&A: Graphics IP technology



Mr. Sakamoto: I understand that some of the attendees are watching your company's IR seminar for the first time today and may think that it is a technical and difficult subject. So, first, I would like you to tell us what graphics IP technology is, as shown on slide 5.

Please tell us about the graphic LSI, including what effects it realizes when it is installed.



Yamamoto: I will explain in accordance with slide 25, "IP Core." First, IP stands for Intellectual Property, which means a very wide range of things. On the other hand, our IP is the hardware function that our customers need to create their products.

In addition to cameras and TVs listed in the upper left corner of the slide, there are also smartphones and other equipment, all of which contain semiconductors called LSIs. The slide shows a "system LSI chip," and this chip has a variety of functions.

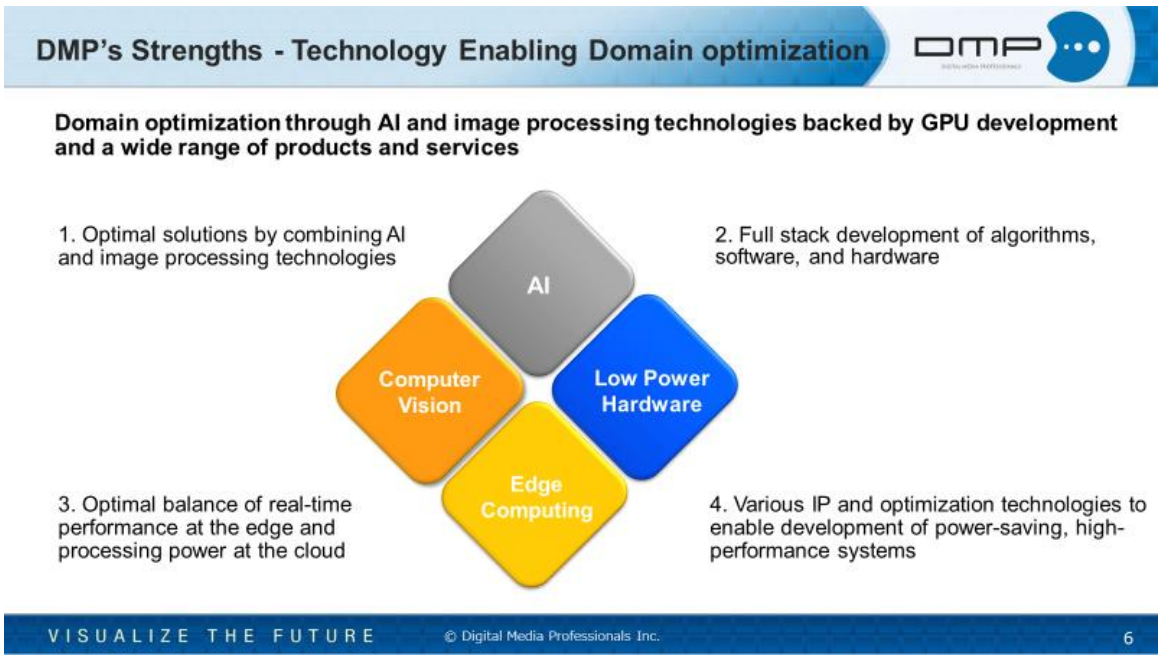
In our case, we design the circuit diagram for the graphics or the part that creates the image and provide it to the customer as IP, including the software driver to operate it. The customer then prints this into their own LSI to create a chip, which is ultimately provided to the set manufacturer and implemented in the set.

For example, each game console or camera, for example, contains one system LSI, in which our IP is used. Our business model is to receive a license fee in licensing the IP and royalties based on the volume of shipments.

What can be done with graphics is described on page 26. Digital cameras can display menus and thumbnails. Printers can display operation menus, maintenance, and printed images, and TVs can display various menus and graphical content. Game consoles exactly produce the very images of the game itself.

Other than such graphics, we also provide AI processors as IP, and these are now also loaded into cameras and TVs. Therefore, in addition to graphics, various artificial intelligence processes can now be realized on such equipment.

Q&A: Technologies enabling domain optimization



Mr. Sakamoto: Regarding page 6 of your slide. You point out "technologies enabling domain optimization" as your company's strength. What technical advantages in there?

Yamamoto: As we mentioned earlier, one of our strengths is our ability to design algorithms, software, and final hardware. Therefore, we can provide hardware that is optimized for each customer's domain and application.

The general approach is to use a generic one, which limits the size and is very high in terms of power consumption and cost.

However, in our case, we can perform various optimizations according to the nature of the product, such as redesigning and downsizing. In other words, we can ultimately provide products and solutions in a form that is optimal for the segment in which the customer is doing business.

This consistent approach to algorithm, software and hardware development gives us a competitive advantage.

Q&A: Data processing at the edge

Ms. Masui: On slide 9, I would like to ask about "from the edge to the cloud". I think the edge processes data without sending it to the cloud in the first place, and there are no servers installed nearby. Where and how is the data being processed?

Can you also tell us if you are involved in the software side of this business rather than the hardware side?

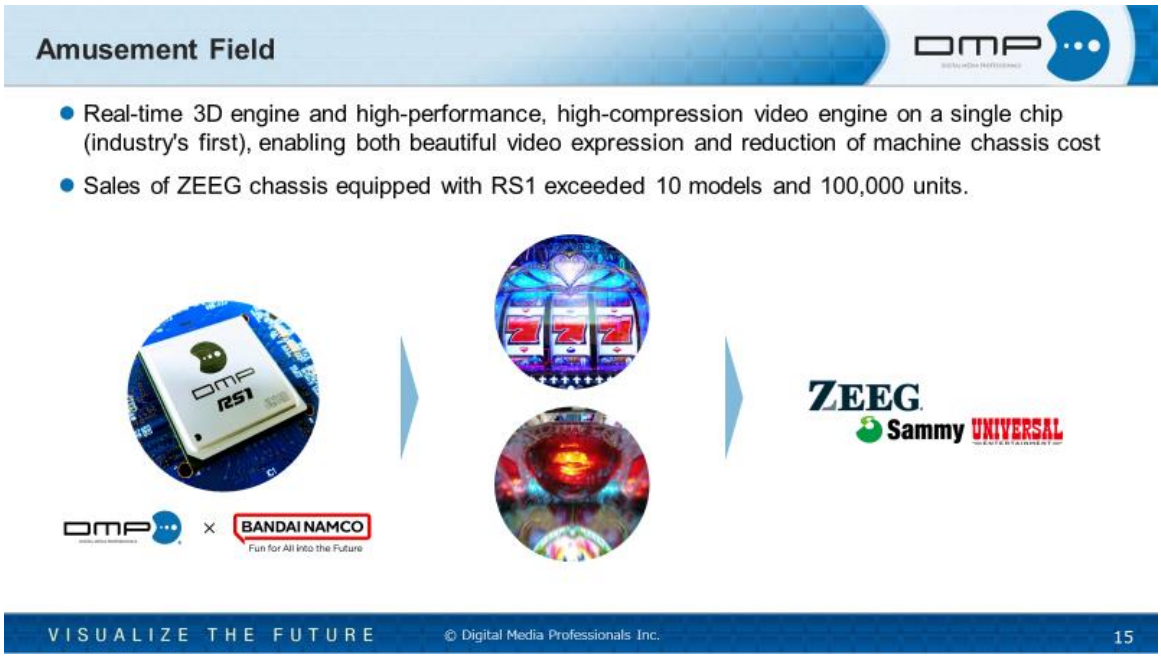
Yamamoto: First, let me explain "where and how data is processed at the edge," using the camera in the upper left corner of slide 26 as an example. This camera contains edge computing functions. Instead of delivering the image captured by the camera to the user as it is, AI determines what is captured in the image.

For example, if an image shows a person, AI determines various attributes such as the person's gender and age. Then, AI sends only the text information of what is in the image, not the image itself. The big advantage of this is that the size of the data sent is much smaller, reducing the load on the communication lines.

Another extremely important issue is that of privacy. When sending metadata, the original image stays in the system, only the attributes of the image actually leave the system, which has various advantages, including the protection of privacy.

Regarding the latter part of your question, we not only develop the software on the cloud side but also develop the software on the edge side and design the hardware itself that runs there. Therefore, we are working on both hardware and software aspects of edge and cloud integration.

Q&A: Real-time 3D engine and high-performance, high-compression video engine in a single chip



Mr. Sakamoto: This is about slide 15. What are some of the advantages or benefits of the one-chip approach?

Yamamoto: "RS1" shown on the left side of slide 15 is the chip that we are now mass-producing and providing to our customers. The amusement industry we serve has two major fields, pachinko and pachislot, and in fact, the requirements for each are different.

Pachislot has a very strong gaming aspect, which we call "interactive," meaning that the storyline changes based on the actual operations input by players. This is similar to the game world and the technology called 3D graphics is used. We have been providing technology for Nintendo's game consoles for a long time, so we have such technology.

Pachinko, on the other hand, does not change through active manipulation by players, as it continuously plays images like those on YouTube. Therefore, simple video processing is required.

In the past, the amusement industry used separate hardware for the interactive 3D features required for pachislot and the animation features required for pachinko. Therefore, customers involved in both pachinko and pachislot had to prepare separate LSIs and hardware for each.

However, since we have put these 3D and video functions in a single chip, customers can use one DMP chip to deal with both pachinko and pachislot. This brings tremendous benefits in terms of hardware development cost, manufacturing cost, and inventory management. This is the perfect example of our domain optimization.

It is not often said that this market is growing now or will grow in the future. Therefore, a very big challenge is how to reduce hardware costs in a declining player population. The fact that we were the very first to provide a solution to such a challenge gives us a very significant competitive advantage. We also believe that we can provide high added value in such a market.

Q&A: Future expansion of the safety field

Mr. Sakamoto: "How much do you think the safety field will expand in the future? If you have an idea like the size of the market, please let us know.

Osawa: As I mentioned earlier, we expect annual growth of about 30 percent in the field of safe driving assistance. However, the number of dashcams with AI and communication functions is on an installed basis. In other words, we estimate that the market is likely to grow by about 30 percent in the sense that dashcams sold to date will also be equipped with AI recognition functions through the use of OTA technology.

On the other hand, the broader safety field includes areas such as public safety or smart cities. There is a great variety of market data available for this area, so I can't give you a clear picture, but I can tell you that we see significant growth in this area. We would like to take on various challenges in these areas, using technologies from the edge to the cloud, as I mentioned earlier.

There is the business of selling the collected data, which we cannot do alone, but we would like to expand it while considering various ecosystems.

Q&A: Power saving

Mr. Sakamoto: To what extent do you think power savings at DMP will be possible? I think it is difficult to answer this question since it is quite abstract, but please tell us about the current situation and what issues need to be solved to make power saving more feasible.

Yamamoto: Regarding power saving, for example, power consumption of semiconductors will inevitably go down as a result of miniaturization. In such a situation, one indicator is how many times the power consumption can be reduced by our optimization of general-purpose semiconductors.

Let me use a game console as an example. The graphics we have designed for handheld games have achieved a power/performance ratio of about 30 to 100 times more efficient than what was previously available. The power-to-performance ratio is a comparison of how much power it takes to do the same thing. Our goal is to reduce the ratio by about that much in every generation.

Q&A: Whether the product is manufactured or developed in China

Mr. Sakamoto: Do you have a manufacturing or development base in China? If yes, what is your perception of the risks?

Yamamoto: Although not in China, for example, "RS1" semiconductor is made at a foundry in Taiwan. However, most of the general state-of-the-art products are already that way, and our dependence is there too.

Q&A: Increase in employees in FY 2021 March

Mr. Sakamoto: What is the reason for the rapid increase in employees in the fiscal year ended March 31, 2021?

Osawa: In the fiscal year ended March 31, 2021, we made our development base in Vietnam a subsidiary, and the number of employees there grew. Currently, we have a little over 20 engineers in Vietnam, so please understand that the increase is due to the addition of these people as our consolidated employees.

Q&A: IP advantages and barriers to entry compared to competitors

Mr. Sakamoto: Regarding your IP, do you have any advantages over other companies or barriers to market entry? If possible, please also tell us your market share.
Probably it is difficult to talk about the share of many things. Also, I think the main question is about the advantages and barriers to entry. That may also vary from product to product, but if you have an idea, please let us know.

Yamamoto: As I said, one of the major strengths of our IP is "optimization" compared to general-purpose IP. For example, we are very good at running complex algorithms in hardware to increase speed and reduce power consumption. This is the same approach we take for both graphics and AI.

As for barriers to entry, the industry is quite competitive; Arm, for example, is the No. 1 IP vendor in the world. In contrast, we compete by optimizing for more specific domains. In other words, we are trying to overcome the barriers to entry by competing in one such domain, rather than competing on the same playing field as them.

Q&A: Patents

Mr. Sakamoto: You describe you have 35 patents, what are most of them?

Yamamoto: Mainly graphics-related, with many patents related to 3D graphics.

Q&A: Direction to increase the number of groups in addition to the Vietnam base

Mr. Sakamoto: s there a direction to increase the number of your group companies outside of Vietnam?

Yamamoto: As our technologies are cutting-edge, we are always looking for places where we can secure AI and other human resources, as well as high-quality, low-cost labor. Currently, we have not decided on a place other than Vietnam.

Mr. Sakamoto: Is Vietnam a country with many people with cutting-edge technology?

Yamamoto: There are good universities, and it is rather easy to secure engineers.

Q&A: Origin of the company name

Ms. Masui: Please explain again the origin of your company name and your company policy.

Yamamoto: The name "Digital Media Professionals" is a bit long, but "digital media" represents the so-called images we are working on, and the company name was given in the sense that we are a group of professionals in the art of creating such images.

Other questions received on the day and answers

The following is a list of questions received on the day that could not be addressed due to time constraints but were answered by the company later.

Question 1: There have been periods over the past 10 years or so when you have not been profitable. Is there any reason for this like lots of outsourcing?

Answer 1: Development costs for the next-generation amusement LSI were upfront and there was a period when the company was in the red. However, since the mass production start in the fiscal year ended March 31, 2018, it has contributed to our business performance and has now grown to become our flagship product.

Question 2: Which SoftBank technologies are being utilized in the collaboration with SoftBank?

Answer 2: Our advanced AMR demonstrated at the Nagoya RoboDEX exhibition in October 2022 can autonomously operate and control AMR and "Cambrian Vision System" using SoftBank's 5G technology. Since local 5G has a high affinity with the manufacturing industry, we would like to continue to collaborate with SoftBank in this field.

Question 3: Do you have any business dealings or collaborations with Arm, the company in which Mr. Son has invested?

Answer 3: Currently, there are no transactions or collaborations with Arm.