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VISUALIZE THE FUTURE



**3<sup>rd</sup> Quarter ended December 31, 2022**

# **Financial Results Supplementary Information**

Digital Media Professionals Inc.

February 9, 2023

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Please be aware of the possibility that actual performance and results may differ considerably due to a variety of factors.

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Leveraging our experience and knowledge as one of the world's leading graphics IP vendors, we have recently been contributing to solving problems for our customers and society by providing a full range of 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 Tokyo Stock Exchange Mothers market in June 2011, Moved to TSE Growth market 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



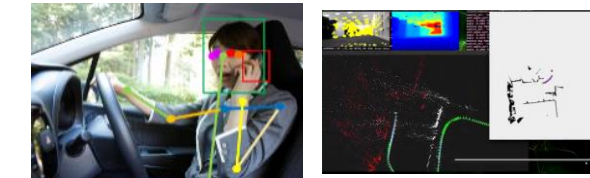
## Product business

- 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



- Nine-month sales reached a record high. Operating loss, ordinary loss, and net loss attributable to owners of the parent also improved year on year. Turned into the black (operating income of 41 million yen) in Q3 (Oct-Dec).
- In the robotics field, professional service business declined due to a transitional period in customer development projects, but sales increased significantly in the amusement field. In the safety field, recurring business expanded due to OTA\*1 project

Overall	Sales by business	Sales by field	
Net sales	IP Core License	Safety	Robotics
¥ <b>1,579M</b> (YoY*2 +23%)	¥ <b>158M</b> (YoY +19%)	¥ <b>117M</b> (YoY +51%)	¥ <b>86M</b> (YoY -56%)
Ordinary income	Product	Amusement	Other
¥ <b>-58M</b> (YoY ¥ +31M)	¥ <b>1,343M</b> (YoY +41%)	¥ <b>1,291M</b> (YoY +40%)	¥ <b>83M</b> (YoY -1%)
	Professional service		
	¥ <b>78M</b> (YoY -59%)		

\*1 OTA (Over-the-Air): A technology that sends and receives data (software) via wireless communication. Our software is wirelessly installed on dashcams already installed in end-users' vehicles.

\*2 YoY: Year on Year

## Net sales grew mainly due to higher sales in the product business Turned into the black in October-December

(Unit: million yen)	3 <sup>rd</sup> Quarter ended December 31, 2021	3 <sup>rd</sup> Quarter ended December 31, 2022	Amount change
<b>Net sales</b>	1,279	<b>1,579</b>	<b>+300</b>
<b>Operating income</b>	-91	<b>-60</b>	<b>+30</b>
<b>Ordinary income</b>	-90	<b>-58</b>	<b>+31</b>
<b>Net income attributable to owners of parent</b>	-91	<b>-60</b>	<b>+31</b>

- Net sales increased 23.5% mainly due to growth in the amusement field. Operating loss improved by 30 million yen. Turned into the black (operating income of 41 million yen) in Q3 (Oct-Dec), partly due to expansion of high-margin recurring revenue from OTA project.
- Ordinary loss and net loss attributable to owners of parent both improved by 31 million yen.

## ● Sales by business

<b>IP core license business</b>	<b>¥158 million</b>	Same period last year	¥132 million
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- Recorded AI/GPU running royalties for digital equipment, recurring revenues in safety/robotics fields, maintenance/support revenues, etc.

<b>Product business</b>	<b>¥1,343 million</b>	Same period last year	¥955 million
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- Recorded sales from volume shipments of RS1, volume shipments of ZIA C3 kit for peripheral monitoring of commercial vehicles, camera modules for drone mass production, and Cambrian vision systems

<b>Professional service business</b>	<b>¥78 million</b>	Same period last year	¥191 million
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- Recorded revenues from contracted development services in the safety, robotics, and amusement fields
- R&D for robotics customers is in a transitional phase, resulting in a decline in projects

## ● Sales by field

<b>Safety field</b>	<b>¥117 million</b>	Same period last year	¥78 million
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- Recorded recurring revenues (running royalties including that from OTA and subscription fees) and professional service revenues related to dashcams
- Recorded revenue from volume shipments of ZIA C3 kit for peripheral monitoring of commercial vehicles

<b>Robotics field</b>	<b>¥86 million</b>	Same period last year	¥196 million
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- Recorded sales from camera modules for drone mass production, and Cambrian vision systems
- Customer R&D is in a transitional phase, resulting in a decline in sales in the professional service business

<b>Amusement field</b>	<b>¥1,291 million</b>	Same period last year	¥919 million
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- Recorded sales of RS1 for mass production

<b>Other</b>	<b>¥83 million</b>	Same period last year	¥85 million
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- Recorded AI/GPU IP running royalties and IP maintenance/support revenues for digital equipment

## Equity ratio remains high at 85.5%

(Unit: million yen)	End of March 2022	End of Dec 2022	Amount change	Major factors
Current assets	2,784	3,097	+313	Accounts receivable - trade and contract assets +279, Cash and deposits +37
Non-current assets	688	459	-228	Investment securities -199 Software -15
<b>Total assets</b>	<b>3,472</b>	<b>3,557</b>	<b>+85</b>	
Current liabilities	358	499	+140	Accounts payable - trade +151
Non-current liabilities	18	18	+0	
<b>Total liabilities</b>	<b>376</b>	<b>517</b>	<b>+140</b>	
<b>Total net assets</b>	<b>3,095</b>	<b>3,039</b>	<b>-55</b>	Retained earnings -60
<b>Total liabilities and net assets</b>	<b>3,472</b>	<b>3,557</b>	<b>+85</b>	

## Safety

### Realize a safe and secure society

- Expanded high-margin recurring business through OTA for dashcams already installed in end-user vehicles
- Several PoC projects underway for broader safety applications



## Robotics

### Contribute to labor saving in the manufacturing and transportation industries

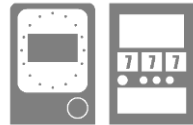
- Expanded Cambrian Vision System Applications/Ecosystem
- Launched stereo vision IP "ZIA SV"  
Combined with AMD Xilinx adaptive computing devices, ZIA SV enables fast and accurate distance-estimating stereo vision for all types of robots (autonomous robots, cooperative robots, etc.)

**Promoted differentiation and high value-added by leveraging strengths**

## Amusement

### Realize both beautiful video expression and reduction of machine chassis cost

- Chassis sales of ZEEG, a joint venture of Sammy and Universal Entertainment equipped with RS1 exceeded 10 models and 100,000 units
- Expand our share and acquire new customers in the market segment where we can demonstrate the superiority of our unique 2D/3D integrated chip



## AI/GPU IP

### Provide small size, low power, and high-performance IPs optimized for customer SoCs

- Obtained stable running royalties from existing IPs/customers and progressed deals for new projects
- Developing next-generation AI processor IP



## Topics - Cambrian vision system

### Expanded business opportunities and drove application development leveraging high recognition rate and ambient light robustness

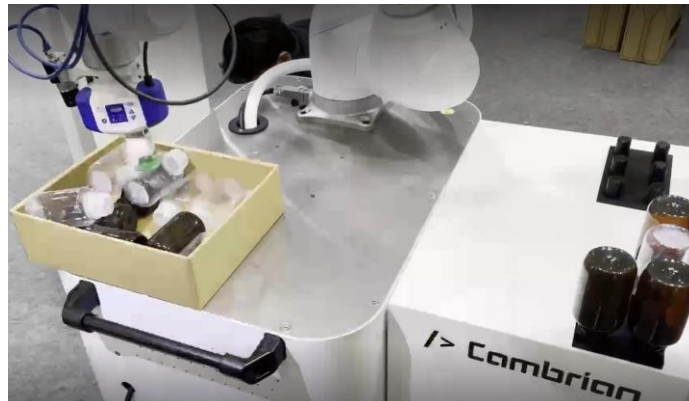
#### ● Expanded and harvested business opportunities in the manufacturing industry

- Progress in business projects for labor saving and productivity improvement at end customers in the manufacturing industry, particularly in the automotive industry
- Expect sales to pick up in 4Q as a result of project harvesting

#### ● Expanded applications/ecosystem

- Support for cooperative robots manufactured by Doosan Robotics, Inc. of Korea, handled by Sumitomo Shoji Machinex as the exclusive distributor in Japan
- Developed a demonstration of automated bottle feeding intended for the food, pharmaceutical, and cosmetics industries. The real-world suitability of the demonstration using transparent objects, which are difficult to recognize with other companies' products, drew attention at the Sumitomo Shoji Machinex booth at the 7th ROBODEX Robot Development and Application Expo (January 25-27)

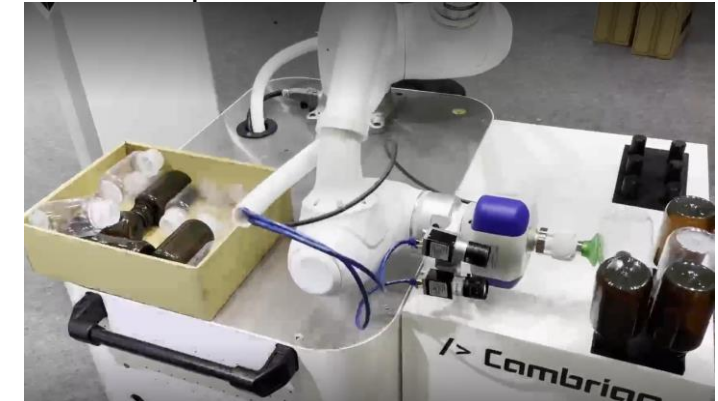
Demonstration of collaboration between Cambrian vision system and Doosan cooperative robot



Transparent PET bottle detection, bulk vacuum picking



Transfer to next process



In-place alignment

## No change in the full-year earnings forecast announced on May 13, 2022

(Unit: million yen)	FY 03/2022 (Actual)	3rd Quarter ended Dec 31, 2022	FY 03/2023 (Forecast)
<b>Net sales</b>	1,667	1,579	<b>2,370</b>
<b>Operating income</b>	-126	-60	<b>25</b>
<b>Ordinary income</b>	-122	-58	<b>25</b>
<b>Net income attributable to owners of parent</b>	-157	-60	<b>20</b>

- Net sales progress (vs. full-year forecast) was 67% in Q3 cumulative. Turned into the black in 3Q (Oct.-Dec.)
- In Q4, we expect to continue volume shipments of RS1 image processing semiconductors for the amusement market, license and professional service revenues in the safety field, revenue growth from Cambrian vision systems and other products that contribute to manpower and labor savings in the robotics field, and high-margin revenues in other fields, such as GPU IP license business acquisition and AI/GPU IP running royalty income.

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