MAKING THE IMAGE INTELLIGENT

DMP
DIGITAL MEDIA PROFESSIONALS

1st Quarter ended June 30, 2023

Financial Results Supplementary Information

Digital Media Professionals Inc.

August 9, 2023

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.

Table of contents

Company Profile

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, President and CEO: Tatsuo Yamamoto
Capital	1,838 million yen
Number of consolidated employees	65 (as of March 31, 2023)
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
・Vision system for collaborative robot
・Camera module for drone

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
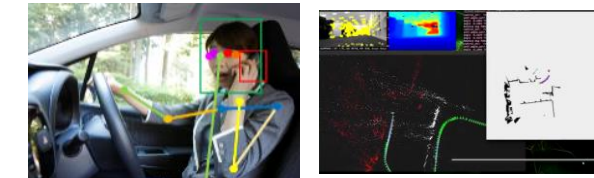
Making the Image Intelligent

"To create innovative products and services that harness the power of image intelligence to solve real-world problems and drive value for our stakeholders."

Business Highlights

- First quarter sales reached a record high.
  Achieved positive operating income, ordinary income, and net income attributable to owners of the parent
- Significant growth in sales in the amusement field, mainly due to the brisk pachislot market, including smart pachislot
  Sales of professional service for the safety and robotics fields are expected to increase from the second quarter onward.

Overall

Net sales

¥ 699M
（YoY* +80%）

Ordinary income

¥ 32M
（YoY ¥ +116M）

Sales by business

IP Core License

¥ 43M
（YoY +34%）

Product

¥ 652M
（YoY +90%）

Professional service

¥ 3M
（YoY -72%）

Sales by field

Safety

¥ 6M
（YoY -76%）

Robotics

¥ 23M
（YoY +379%）

Amusement

¥ 630M
（YoY +90%）

Other

¥ 38M
（YoY +60%）

* YoY :Year on Year

Results Highlights: P/L

Sales increased significantly, mainly due to growth in the amusement field. Positive earnings achieved

(Unit: million yen)	1st Quarter ended June 30, 2022	1st Quarter ended June 30, 2023	Amount change
Net sales	387	699	+311
Operating income	△89	30	+119
Ordinary income	△83	32	+116
Net income attributable to owners of parent	△84	26	+110

- Net sales increased by 80.3% due to significant growth in product business such as Cambrian Vision System in addition to "RS1" image processing semiconductors for the amusement market
- Operating income, ordinary income, and net income attributable to owners of the parent also returned to profitability

Results Highlights: Net Sales by Business and Field

● Sales by business

| IP core license business | **¥43 million** | Same period last year | ¥32 million |

- Recorded AI/GPU running royalties for digital equipment, recurring revenues in safety/robotics fields, maintenance/support revenues, etc.

| Product business | **¥652 million** | Same period last year | ¥343 million |

- Recorded sales from volume shipments of RS1 and Cambrian Vision Systems

| Professional service business | **¥3 million** | Same period last year | ¥11 million |

- Recorded revenues from AI/GPU contracted development services
- Larger part of revenues from professional services for safety and robotics fields, which have been underway since the first quarter, will be recorded from the second quarter onward

● Sales by field

| Safety field | **¥6 million** | Same period last year | ¥26 million |

- Recorded recurring revenues (running royalties and subscription fees) and maintenance/support revenues related to dashcams

| Robotics field | **¥23 million** | Same period last year | ¥4 million |

- Recorded sales of products such as Cambrian Vision Systems and professional services

| Amusement field | **¥630 million** | Same period last year | ¥332 million |

- Recorded sales of RS1 for mass production

| Other | **¥38 million** | Same period last year | ¥24 million |

- Recorded AI/GPU running royalties and maintenance/support revenues for digital equipment

Results Highlights: B/S

Equity ratio remains high at 85.5%

(Unit: million yen)		End of March 2023	End of June 2023	Amount change	Major factors
	Current assets	3,683	3,533	-150	Cash and deposits +195, Accounts receivable - trade and contract assets -354
	Non-current assets	158	151	-6	Property, plant and equipment -3 Software -3
Total assets		**3,842**	**3,684**	**-157**	
	Current liabilities	700	515	-184	Accounts payable - trade -175
	Non-current liabilities	17	17	+0	
Total liabilities		717	533	-184	
Total net assets		**3,124**	**3,150**	**+26**	Retained earnings +26
Total liabilities and net assets		**3,842**	**3,684**	**-157**	

Topics - General

Safety

Realize a safe and secure society

- Recurring revenues from existing projects from edge to cloud
- ZIA SAFE was adopted as the driver monitoring function of DENSO TEN's safe driving management telematics service "Offseg"

Robotics

Contribute to labor saving in the manufacturing and transportation industries

- Promoted activities to acquire new licenses for autonomous robots through development of demo units
- Expanded Cambrian Vision System applications/ecosystem
  - Completed connections to major domestic collaborative robots in addition to overseas ones already connected
    - Enabled picking of transparent objects for pharmaceuticals, cosmetics, and food industries using industrial robots with high throughput

Solving social/customer problems through image intelligence

Amusement

Realize both beautiful video expression and reduction of machine chassis cost

- Continued mass production shipments of our image processing semiconductor, RS1, for pachislot machines, including smart pachislots with strong utilization and pachinko machines
- 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
- Development and performance verification of ZIA A3000, an AI IP processor that significantly exceeds the performance of current products

Topics - Cambrian Vision System

Expanded business opportunities and drove application development leveraging high-speed/ high-precision recognition and ambient light robustness

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

  Progress in product shipments and business projects for labor saving and productivity improvement at end customers in the manufacturing industry, particularly in the automotive industry

- ### Expanded ecosystem

  Completed connections to domestic robot arms (collaborative robots) of FANUC and DENSO WAVE, in addition to the already connected overseas robot arms

- ### Expanded applications

  Cambrian's ultra-high-speed, high-precision recognition capability enables faster robot picking operations using industrial robots (FANUC's LR Mate series) -> Overwhelmingly broadens the range of applications for AI vision systems, such as for food, pharmaceutical, and cosmetic industries and for industrial robots with larger market size

Demonstration of automated bottle feeding by TOKUNAGA Corporation using Cambrian Vision System and FANUC's industrial robot

Bulk vacuum picking of (semi-)transparent bottle

Place on conveyor belt

Business Forecast

No change in the full-year earnings forecast announced on May 12, 2023

(Unit: million yen)	FY 03/2023 (Actual)	FY 03/2024 (Forecast)
Net sales	2,322	**2,600**
Operating income	27	**150**
Ordinary income	28	**150**
Net income attributable to owners of parent	22	**120**

- In the first quarter, net sales reached a record high and earnings were positive, driven primarily by strong sales in the amusement field.
- From the second quarter onward, we expect to expand license and professional service revenues in the safety field, and product and professional service businesses in the robotics field, in addition to the continued volume shipments of "RS1" image processing semiconductors for the amusement market.

<Inquiries>

Digital Media Professionals Inc. Corporate Planning Department

Tel. +81-3-6454-0450

URL: https://www.dmprof.com/en/ir/

- 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.