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MAKING THE IMAGE INTELLIGENT

DIGITAL MEDIA PROFESSIONALS

2nd Quarter ended September 30, 2023

Results Briefing

Digital Media Professionals Inc.

November 13, 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.

1 **Explanation of Results, 2nd Quarter ended September 30, 2023**

2 **Full-Year Business Forecast, Fiscal Year Ending March 31, 2024**

3 **Challenges and Initiatives**

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3 **Challenges and Initiatives**

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 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

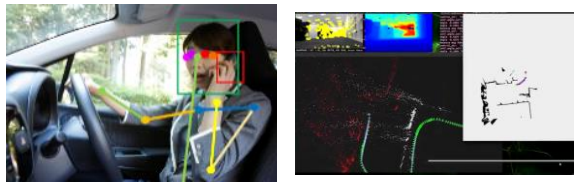
- AI/GPU IP core license
- AI software license

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



Business Highlights

- Six-month sales reached a record high. Operating income, ordinary income, and net income attributable to owners of the parent also increased significantly and returned to profitability.
- Amusement field sales grew significantly, mainly due to the brisk pachislot market, including smart pachislot. Robotics field saw product sales increase, and the high-margin GPU-related IP core license business also saw strong sales.

Overall

Net sales

¥ **1,442**M
(YoY* +56%)

Ordinary income

¥ **140**M
(YoY ¥ +234M)

Sales by business

IP Core License

¥ **94**M
(YoY +40%)

Product

¥ **1,301**M
(YoY +63%)

Professional service

¥ **46**M
(YoY -22%)

Sales by field

Safety

¥ **34**M
(YoY -30%)

Robotics

¥ **69**M
(YoY +122%)

Amusement

¥ **1,257**M
(YoY +59%)

Other

¥ **80**M
(YoY +46%)

* YoY :Year on Year

Results Highlights: P/L

Net sales and incomes grew significantly mainly due to growth in the amusement field and product business

(Unit: million yen)	2nd Quarter ended Sept. 30, 2022	2nd Quarter ended Sept. 30, 2023	Amount change
Net sales	925	**1,442**	**+516**
Operating income	-102	**134**	**+237**
Ordinary income	-94	**140**	**+234**
Net income attributable to owners of parent	-95	**121**	**+216**

- Net sales increased 55.8% 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 increased significantly and returned to profitability

Results Highlights: Net Sales by Business and Field

Sales by business

IP core license business	¥94 million	Same period last year	¥67 million

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

Product business	¥1,301 million	Same period last year	¥798 million

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

Professional service business	¥46 million	Same period last year	¥59 million

- Recorded revenues from AI/GPU contracted development services
- R&D for robotics customers is in a transitional phase, resulting in a temporary decrease in projects

Sales by field

Safety field	¥34 million	Same period last year	¥49 million

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

Robotics field	¥69 million	Same period last year	¥31 million

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

Amusement field	¥1,257 million	Same period last year	¥789 million

- Recorded sales of RS1 for mass production

Other	¥80 million	Same period last year	¥55 million

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

Results Highlights: B/S

Equity ratio remains high at 87.9%

(Unit: million yen)	End of March 2023	End of Sep 2023	Amount change	Major factors
Current assets	3,683	3,347	-336	Accounts receivable - trade and contract assets -429, Cash and deposits +108
Non-current assets	158	344	+186	Investment securities +199
Total assets	**3,842**	**3,691**	**-150**	
Current liabilities	700	428	-271	Accounts payable - trade -291
Non-current liabilities	17	18	+0	
Total liabilities	717	446	-271	
Total net assets	**3,124**	**3,245**	**+121**	Retained earnings +121
Total liabilities and net assets	**3,842**	**3,691**	**-150**	

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2 **Full-Year Business Forecast, Fiscal Year Ending March 31, 2024**

3 Challenges and Initiatives

Business Forecast

Upwardly revised full-year forecasts announced on May 12

(Unit: million yen)	FY 03/2023 (Actual)	2nd Quarter ended Sept. 30, 2023	FY 03/2024 (Forecast)			
			Previous	Revised	Amount Change	Percent Change
Net sales	2,232	1,442	2,600	**2,950**	**+350**	**+13.5%**
Operating income	27	134	150	**240**	**+90**	**+60.0%**
Ordinary income	28	140	150	**240**	**+90**	**+60.0%**
Net income attributable to owners of parent	22	121	120	**200**	**+80**	**+66.7%**

- In the first half of the fiscal year, both sales and profits exceeded initial expectations, mainly due to brisk sales in the product business and the amusement field. Solid performance is expected in 3Q and beyond
  - Amusement: Mass production shipments of "RS1" image-processing semiconductors remain strong
  - Safety: Expect license and professional service revenues
  - Robotics: Expect sales of Cambrian and other products, and professional service revenue for low-speed autonomous driving
  - Other: Expect robust license revenue from GPU related products

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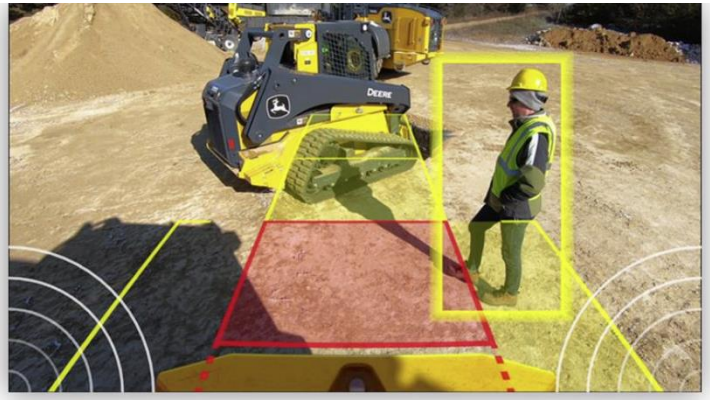
3 **Challenges and Initiatives**

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."

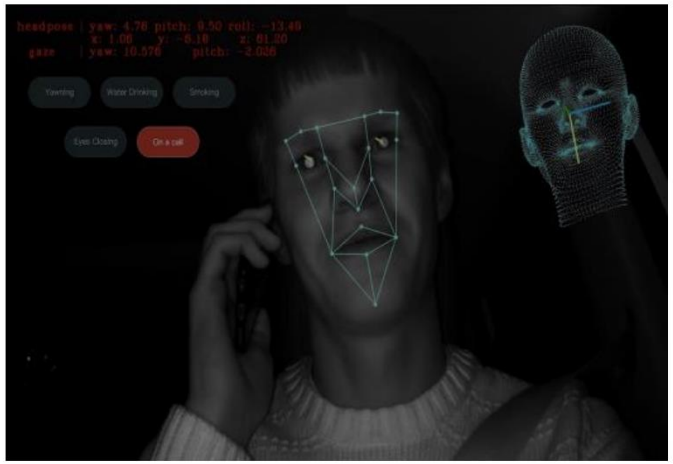
Image Intelligence - solving real-world problems

John Deere



John Deere

Tryolabs



NXP

Peloton

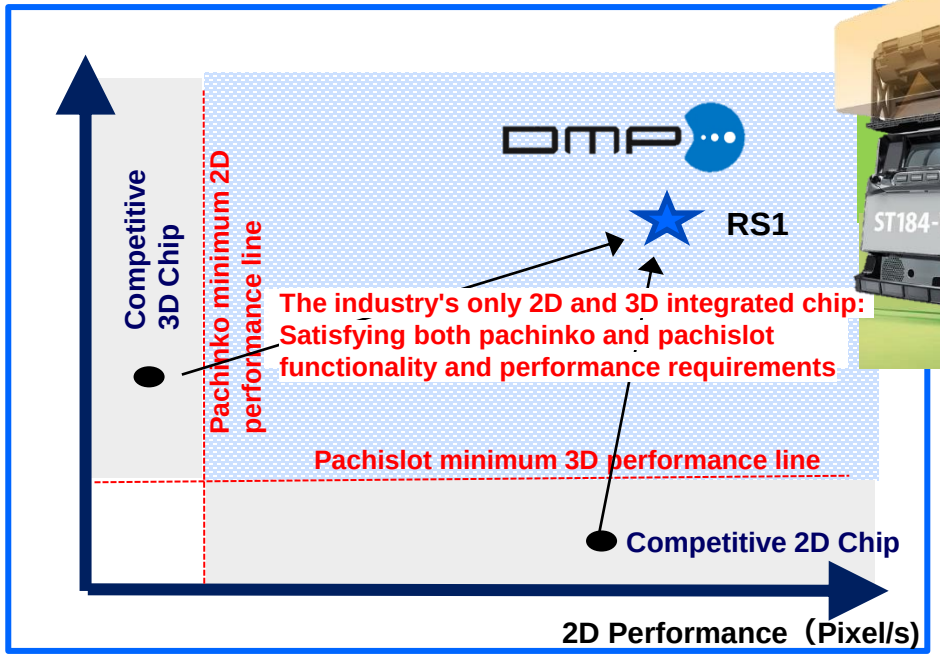
Tryolabs

Source: Edge AI + Embedded Vision Alliance

Amusement Field

- Real-time 3D engine and high-performance, high-compression video engine on a single chip (industry's first), enabling both beautiful video expression and reduction of machine chassis cost
- Strong volume production shipments of RS1, primarily for pachislot machines, including 6.5 model and smart pachislot, which have been enjoying high utilization.
- Sales of ZEEG chassis equipped with RS1 reached 15 models and 260,000 units. (as of end of July 2023)

Solving the industry's problem: Reducing development and component costs by standardizing parts for pachinko and pachislot



Sammy UNIVERSAL ENTERTAINMENT

Adoption of ZEEG standard chassis equipped with RS1 is progressing in the industry and market share is expanding.

Safety Field

- 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“
- Jointly developed an AI camera system for ZEB (Zero Energy Building Management) with THine Electronics

Car exterior and interior (driver) monitoring

Smart City　Public Safety　BEMS

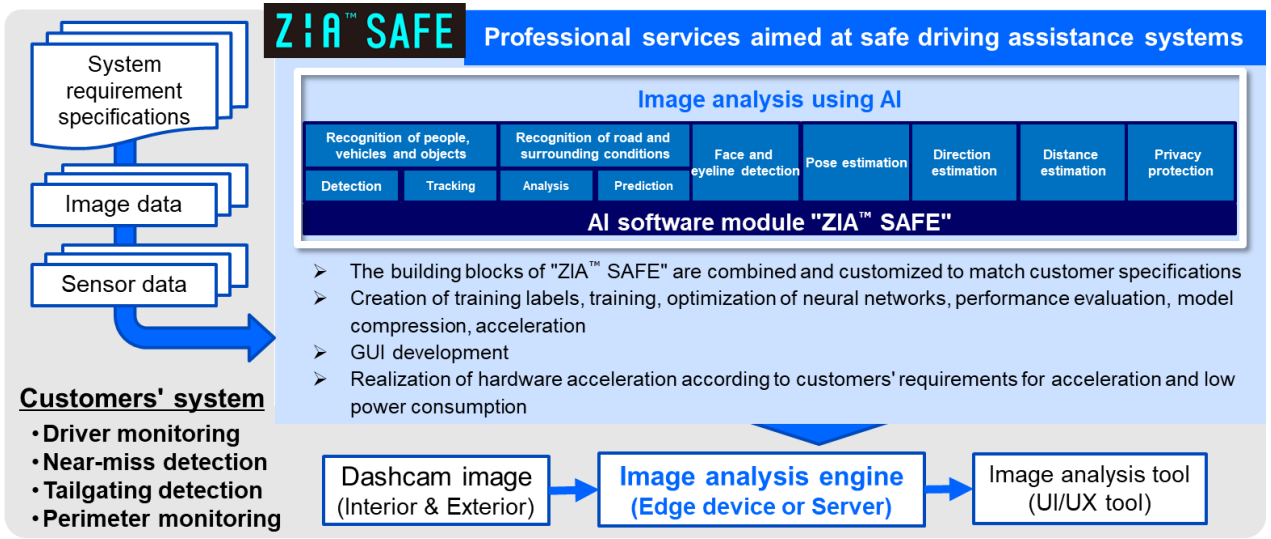
JVCKENWOOD

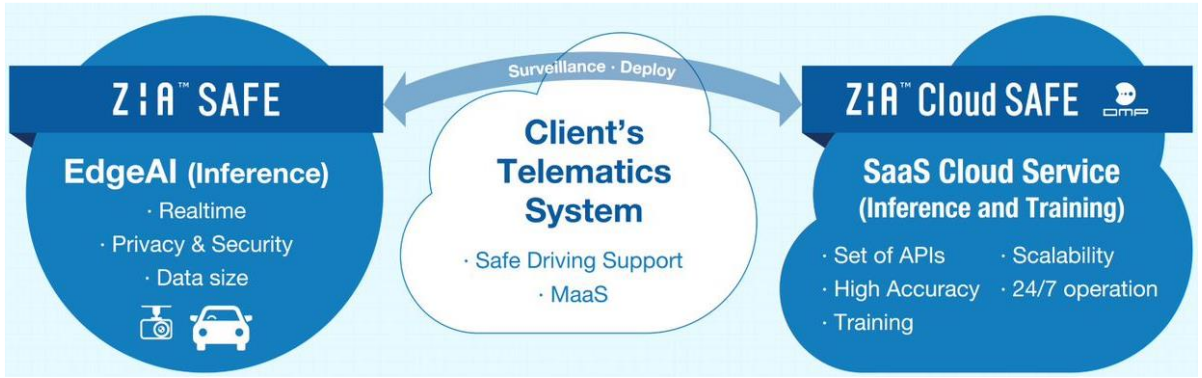
DENSO TEN

Smart mobility with a smile
Sumitomo Mitsui Auto Service

Local Government
Public Transportation
Energy
Building/Construction

Safe Driving Assistance System - ZIA SAFE





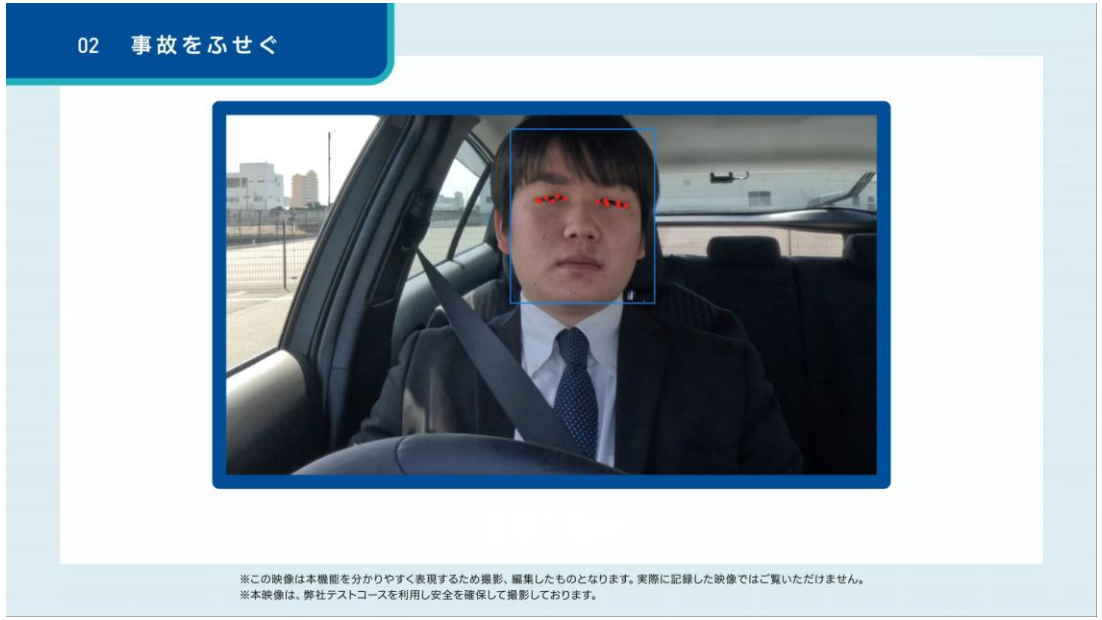
Features

- High recognition performance and flexible and scalable system configuration by combining edge and cloud
- Rapid realization of high-quality safe driving systems by combining various functional modules
- High responsiveness to accident risks caused by multiple factors through the development of both DMS and ADAS

ZIA SAFE Adoption Case (DENSO TEN)

(June 19, 2023) DMP's ZIA SAFE high-precision image recognition edge AI software has been adopted as the driver monitoring function of “Offseg”, a new safe driving management telematics service product by DENSO TEN Limited for corporate customers.

Contributing to the realization of real-time driver alerts using AI

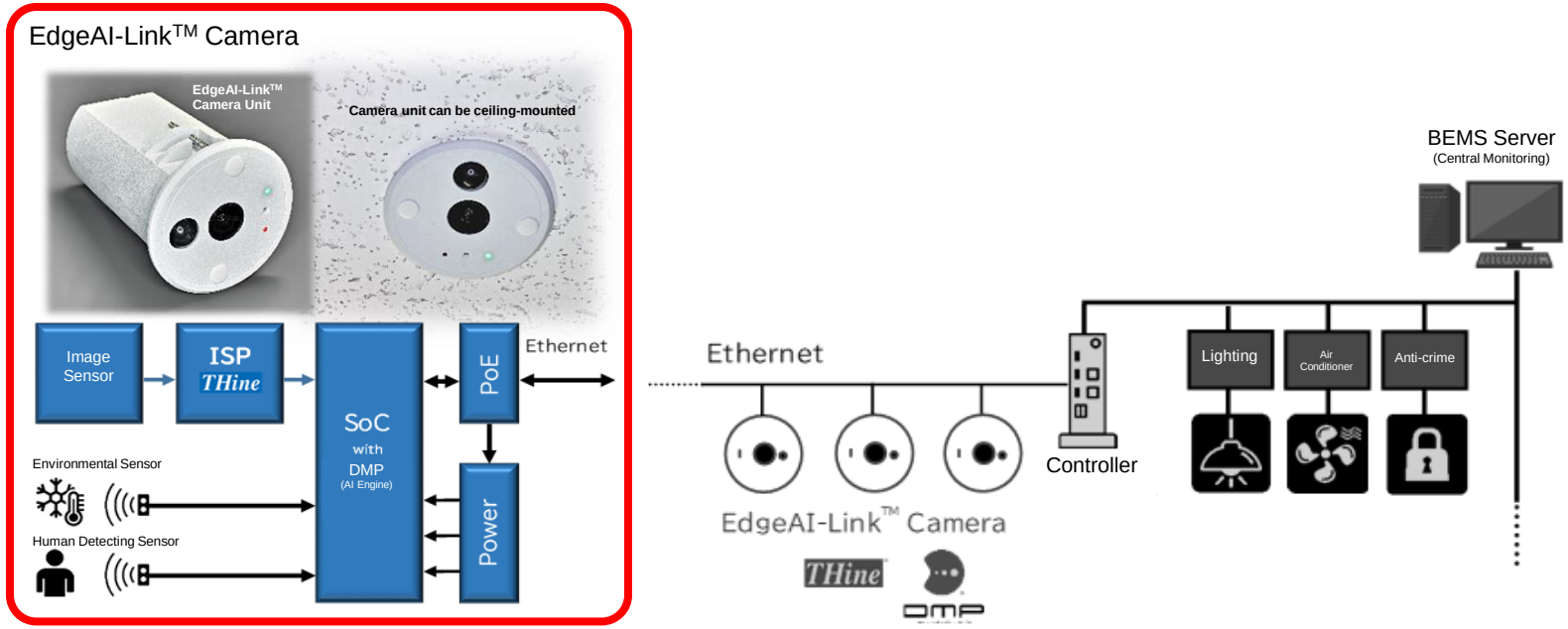


In recent years, in order to realize a safer mobility society, dashcams are required to have not only recording functions but also driver monitoring (DMS) and other functions as a safe driving management system. DMP's ZIA SAFE, which we adopted for our safe driving management telematics service (Offseg) using a communication-type dashcam, has made a significant contribution to the realization of our service with its AI image recognition function that combines low load, high reliability, and high functionality, together with professional services backed by DMPs advanced technology.
[Mr. Kaoru Noumi, Project Leader, Connected Business Group, DENSO TEN Limited]

Collaboration with THine Electronics

Accelerating realization of next-gen intelligent BEMS and digital transformation of industrial processes such as factories

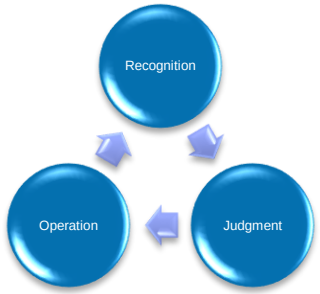
- Realize factory flow lines and automation by process by measuring data for each process, etc.
- Intelligently control air conditioning and lighting by using high-performance cameras and a highly reliable AI engine that detects the location, number of people, and attributes of people in the office and links them to the BEMS function
- Detect human movement in unoccupied nighttime and access-controlled areas to evolve office security management



THine Electronics EdgeAI-Link + DMP AI Software

Robotics Field

- Promoted activities to acquire new licenses of ZIA MOVE for autonomous robots through development kits, with a track record of multiple adoptions
- Cambrian vision system has strengths in accuracy and speed of target part recognition and robustness against ambient light.
  - In addition to the overseas products already connected, Cambrian Vision System is now compatible with major collaborative robots made in Japan
  - Realized picking of transparent objects for pharmaceuticals, cosmetics, and food industries industries using industrial robots with high throughput



ZIA MOVE

Cambrian Vision System

Advanced AMR

Manufacturing

Transportation/ Logistics

Pharmaceuticals/ Cosmetics/Food

Construction

Agriculture

Medical/Nursing Care

Targeted Robots for ZIA MOVE

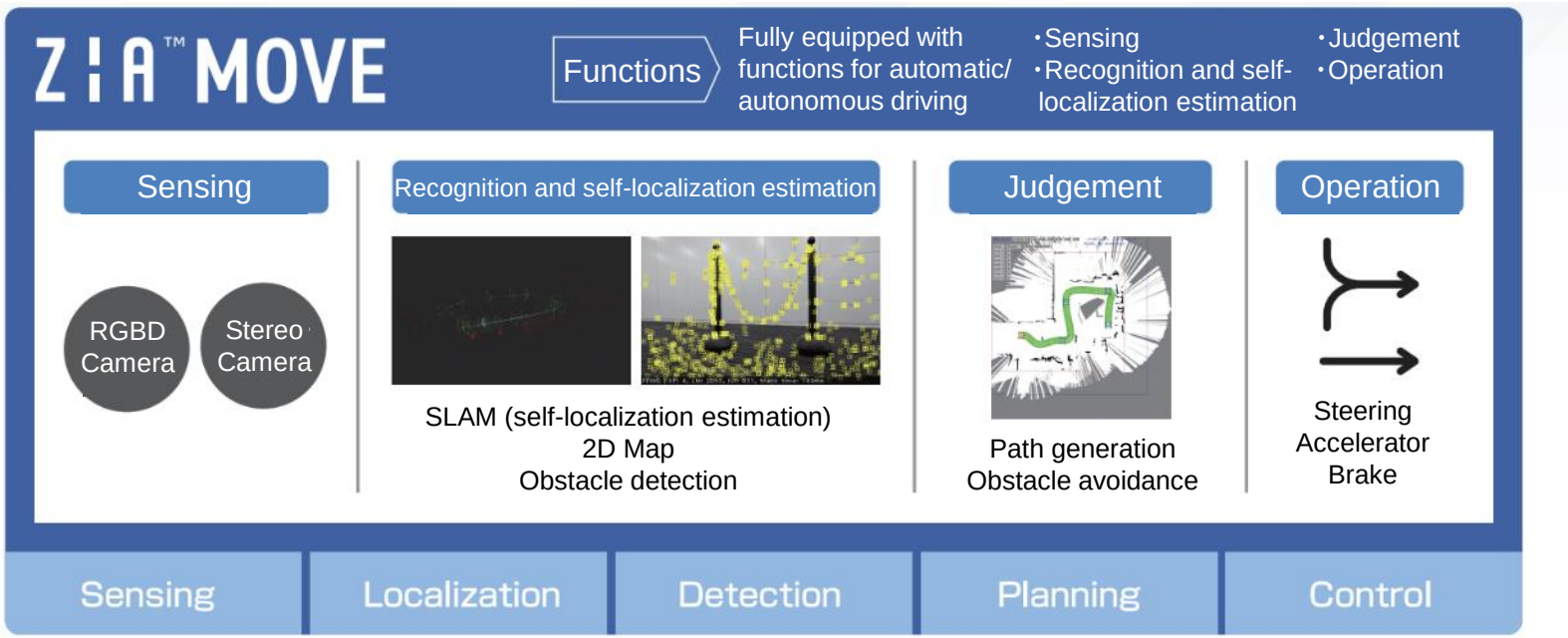
Cameras are used as the primary sensor for recognition and autonomous driving in all types of targeted robots.

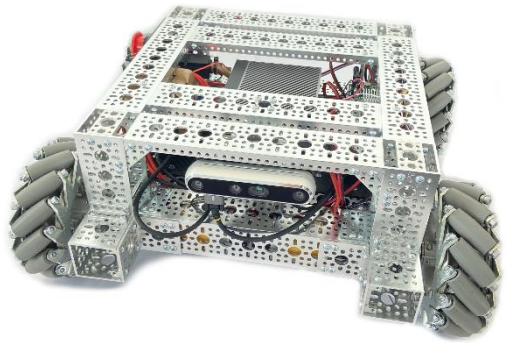
Type of robot covered	Sensors covered in the report					
Industrial robotic arm	Camera	Force and torque sensor	Photoelectric sensor			
Automated Guided Vehicle (AGV) Autonomous Mobile Robot (AMR)	Camera	Ultrasonic sensor	IMU	LiDAR/radar		
Collaborative robot (Cobot)	Camera	Force/Torque sensor	Capacitive/tactile skin sensor			
Drone	Camera	Localization sensor (LiDAR, GPS and radar)	IMU	Altimeter	Ultrasonic sensor	Pressure sensor
Agricultural robot	Camera	Ultrasonic sensors	IMU	LiDAR/Laser scanner/radar		
Cleaning and disinfection robot	Camera	LiDAR/radar	Cliff sensor			
Social robot	Camera	Ultrasonic sensor	IMU			

IDTechEx Research

ZIA MOVE: Integrated Software Platform for Autonomous Driving

Integrated software platform for autonomous driving that includes DMP's Visual SLAM technology



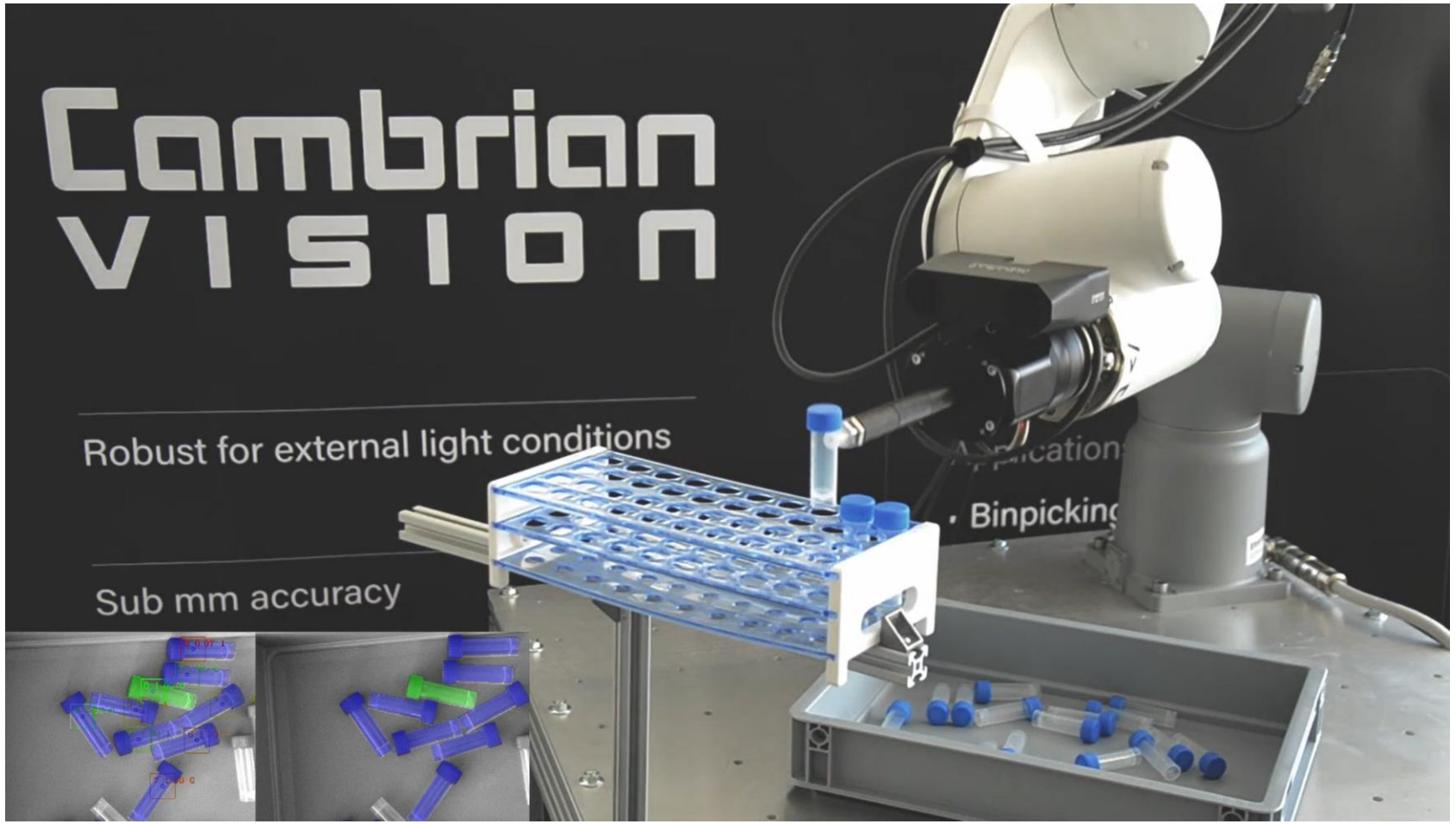


DMP ZIA MOVE Evaluation Kit

Features

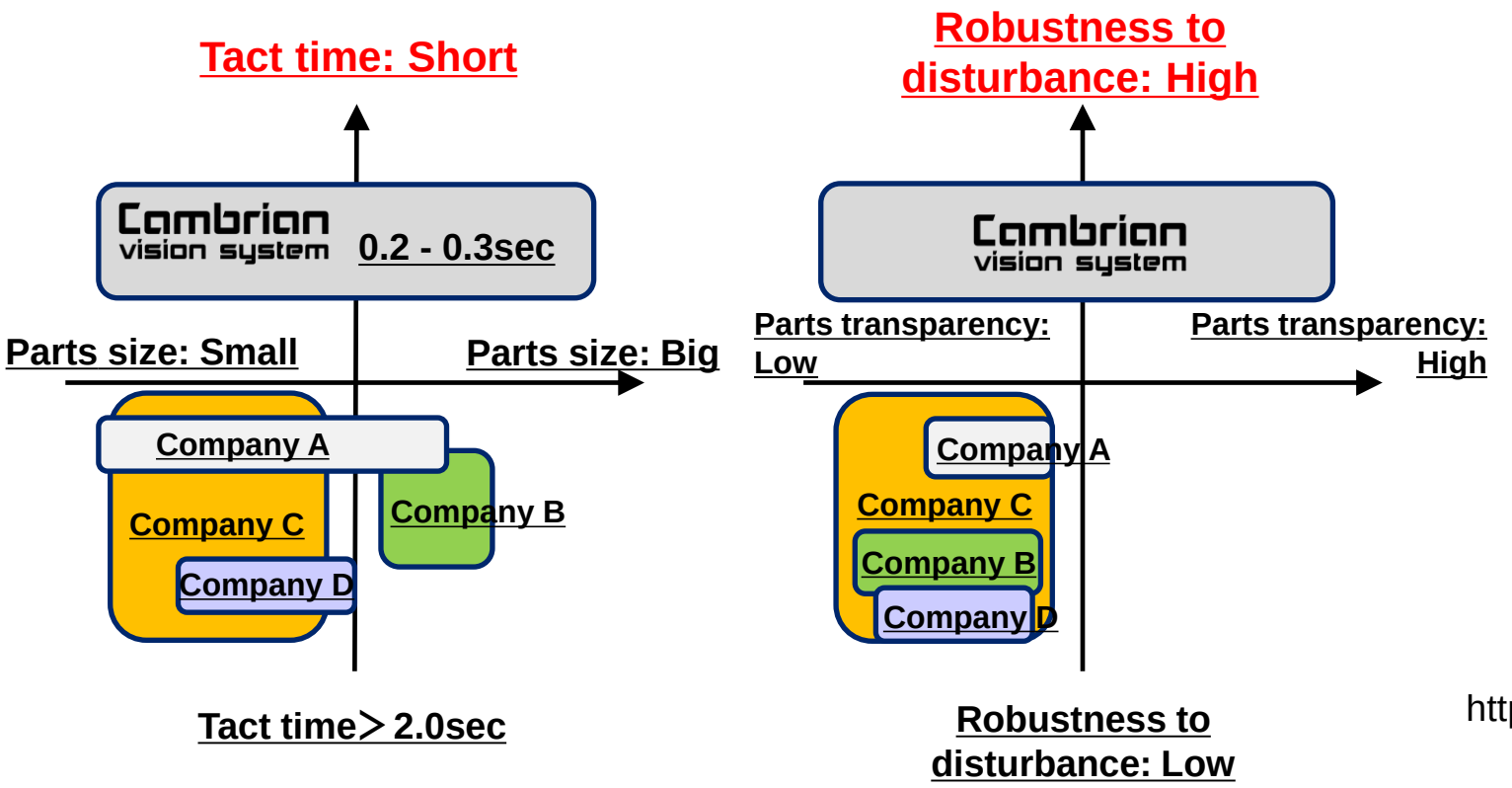
- Software package for functions required for autonomous driving, from self-localization estimation to obstacle-aware path generation
- ROS interface support and modular architecture for high function extensibility
- Map generation without the need for markers
- High stop position accuracy (±4mm), obstacle detection capability, and safety

Cambrian Vision System - Collaboration with Robot Vendors



Cambrian Vision System - Advantages

The industry's only vision system for picking transparent parts*



https://youtu.be/wpr0BeZ9CRs?si=Vgg44aCYGWBACkfV

* Based on our own research

Use Case: Automated Bottle Feeding by Tokunaga Corporation

Challenges by Cambrian vision system for further automation needs

Cambrian and Fanuc industrial robot automate feeding of translucent bottles

The Cambrian vision system is the first 3D robot vision system that we, TOKUNAGA, handle on a full scale. It is perfect for the concept of the next-generation bottle feeding machine we are aiming in that It does not use lights so it can recognize even translucent or shiny bottles and is capable of high-speed processing.
[Mr. Tomohiro Mitsuhashi, General Manager, FA Machinery Department, TOKUNAGA Corporation]

https://youtu.be/Pcyf7-skjiA

Additional Investment in Cambrian Inc.

Additional investment (US$0.48 million) in Cambrian Inc. to strengthen the strategic partnership

2021
April: Acquired exclusive right to sell Cambrian vision systems in Japan
June: Acquired a portion of Cambrian‘s Series Seed Preferred Stock (US$0.37M)

- Continued marketing and sales activities to expand domestic market share
- Achieved results such as increased adoption in the manufacturing industries centered on the automotive industry and food, pharmaceuticals, and cosmetics industries

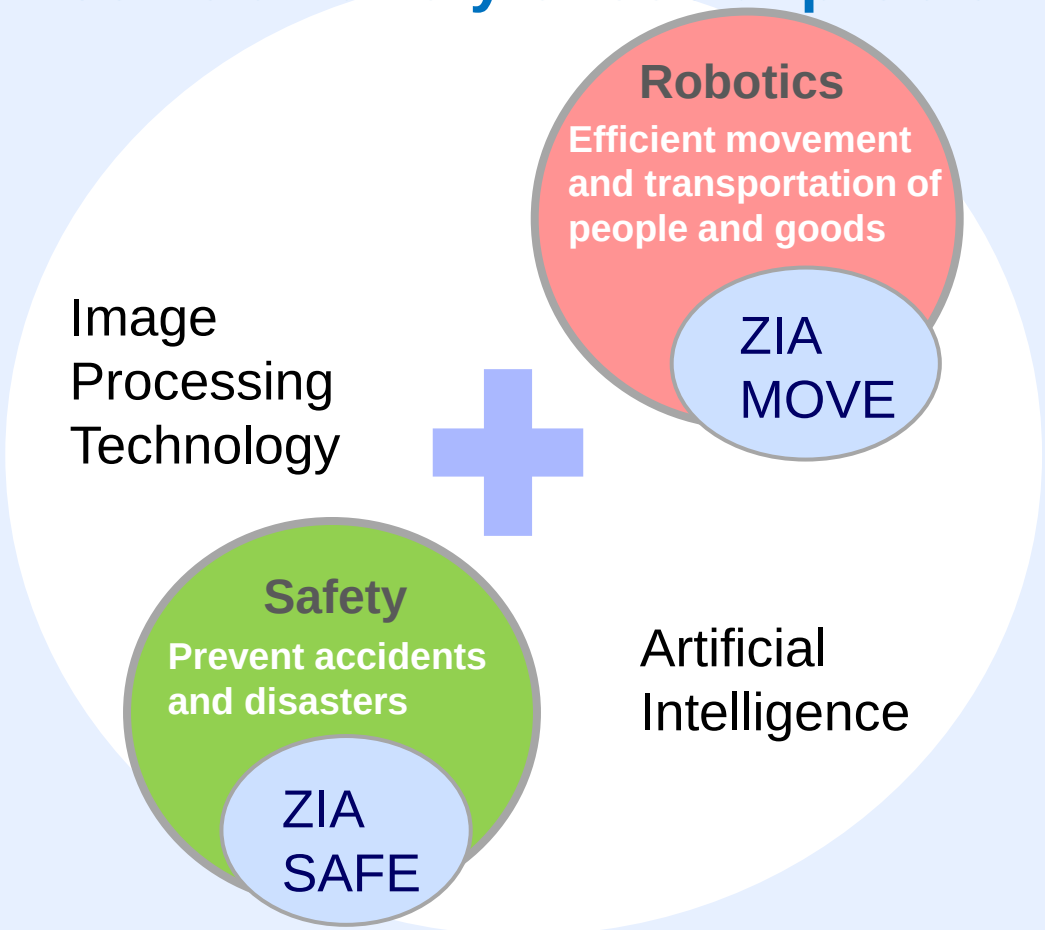
2023
End of November: Scheduled to acquire a portion of Cambrian‘s Series Seed Plus Preferred Stock (US$0.48M)
Objectives: financially contribute to enhancing Cambrian's development capabilities and the competitiveness of products and technologies, and further strengthen the strategic capital and business partnership

Improving DMP’s corporate value in the medium to long term

- Further expand business in the robotics field, a DMP’s focus area, by increasing sales of Cambrian's products and services
- Solve social problems such as labor shortage due to the declining birthrate and aging population and productivity improvement

Integration of Safety and Robotics Technologies

The integration of DMP's safety and robotics technologies will solve a variety of social problems and create new value.



Solve social problems
Create new services

Robotics + Safety

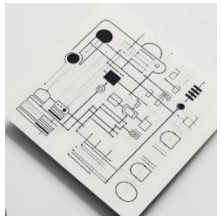
- **Accurate recognition of surroundings for efficient movement and a safe environment**
- **Creation of new services based on the recognition information obtained**

- Public transportation
- Medical and nursing care facilities
- Schools
- Factories and plants
- Logistics
- Agriculture
- Construction site
- Offices, Buildings, Shops
- Parking lots

Other Field (IPs for digital equipment)

- Provide small size, low power consumption, and high-performance IPs optimized for customers' digital equipment applications and embedded SoCs
- Running royalties and maintenance/support revenues from existing IP/customers were robust
- Promoting customer proposal activities for ZIA A3000, an AI IP processor that significantly outperforms current products

Stereo Vision IP



GPU IP

AI IP

RENESAS

FUJIFILM
Value from Innovation

OM SYSTEM

REGZA

Cumulative shipments of over 150 million customer products

AI Inference Processor IP A3000

DV700 series adopted in REGZA and other high-volume products

DMP AI Processor DV720 adopted for REGZA's new processor ZRα

Enabling real-time high bit-accuracy signal processing and state-of-the-art super-resolution

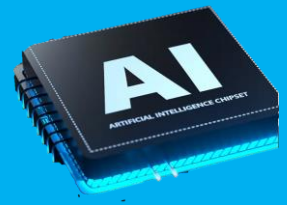
Focus by determining scene perspective

Image enhancement for the Net bandwidth

Beautiful skin effect

Noise reduction

Next-gen AI inference processor IP A3000



6x performance over DV740 (4TOPS)

Start licensing in the second half of fiscal year 2023

Accelerating our business with the Purpose of Making the Image Intelligent

- Capture new market opportunities through knowledge gained from expanding amusement market share
- Create new value through integrating robotics and safety technologies
- Promote ZIA MOVE and ZIA SAFE platform business
- Strengthen strategic partnership with Cambrian
- Acquire AI IP (A3000) license

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