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MAKING THE IMAGE INTELLIGENT



Nine months ended December 31, 2023

Financial Results Supplementary Information

Digital Media Professionals Inc.

February 14, 2024

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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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



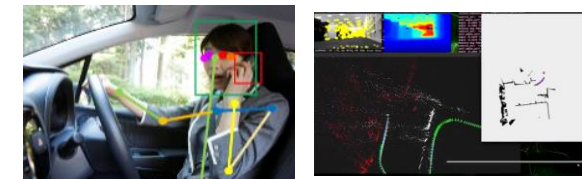
Product business

- 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 safety 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."



- Nine-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	Sales by business	Sales by field	
Net sales	IP Core License	Safety	Robotics
¥ 2,292M (YoY* +45%)	¥ 135M (YoY -15%)	¥ 41M (YoY -65%)	¥ 115M (YoY +33%)
Ordinary income	Product	Amusement	Other
¥ 264M (YoY ¥ +322M)	¥ 2,105M (YoY +57%)	¥ 2,018M (YoY +56%)	¥ 117M (YoY +40%)
	Professional service		
	¥ 51M (YoY -34%)		

* YoY: Year on Year

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

(Unit: million yen)	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Amount change
Net sales	1,579	2,292	+712
Operating income	-60	261	+322
Ordinary income	-58	264	+322
Net income attributable to owners of parent	-60	221	+282

- Net sales increased 45.1% 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



● Sales by business

IP core license business **¥135 million** Same period last year **¥158 million**

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

Product business **¥2,105 million** Same period last year **¥1,343 million**

- Recorded sales from volume shipments of RS1, Cambrian Vision Systems, and camera modules for drone mass production

Professional service business **¥51 million** Same period last year **¥78 million**

- Recorded revenues from AI/GPU contracted development services
- PoC* projects for safety and robotics fields are to be booked in Q4

● Sales by field

Safety field **¥41 million** Same period last year **¥117 million**

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

Robotics field **¥115 million** Same period last year **¥86 million**

- Recorded sales of products such as Cambrian Vision Systems and camera modules for drone mass production, and professional services

Amusement field **¥2,018 million** Same period last year **¥1,291 million**

- Recorded sales of RS1 for mass production

Other **¥117 million** Same period last year **¥83 million**

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

* PoC: Abbreviation for Proof of Concept. Verification and trial about feasibility before introducing a new concept, theory or principle in full scale

Equity ratio remains high at 85.9%

(Unit: million yen)	End of March 2023	End of Dec. 2023	Amount change	Major factors of increase/decrease
Current assets	3,683	3,391	-292	Accounts receivable - trade and contract assets -549, Cash and deposits +173, Merchandise and finished goods +95
Non-current assets	158	502	+344	Investment securities +370
Total assets	3,842	3,893	+51	
Current liabilities	700	532	-167	Accounts payable - trade -204
Non-current liabilities	17	18	+0	
Total liabilities	717	550	-167	
Total net assets	3,124	3,343	+219	Retained earnings +221
Total liabilities and net assets	3,842	3,893	+51	

Safety

Realize a safe and secure society

- Earned recurring revenues from existing projects from edge to cloud for dashcams
- PoC projects in the broader safety field are underway for car license plate recognition, human attributes/line of flow recognition, headcount counting, etc., utilizing DMP's high AI image recognition capabilities



Robotics

Contribute to labor saving in the manufacturing and transportation industries

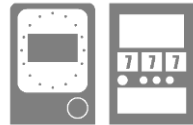
- Promoted activities to acquire new licenses of ZIA MOVE for autonomous robots through development kits, with a track record of multiple adoptions
- Expanded Cambrian Vision System business
- Made progress in product shipments and business projects with a view to in-line production aimed at reducing labor and improving productivity for end customers in the manufacturing industry, particularly the automotive industry
- Active business progress with customers in the pharmaceuticals, cosmetics, and food industries such as installation in the Kao's Dynamic Cell Production System, taking advantage of the strengths in recognition accuracy for transparent and glossy parts

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
- Promoted activities to obtain license business of ZIA A3000, an AI IP processor that significantly exceeds the performance of current products

No change in the full-year earnings forecast announced on November 13, 2023

Currently examining the outlook for future business performance and will promptly announce revisions to the current forecast if such revisions become necessary

(Unit: Million yen)	FY 03/2023 (Actual)	FY 03/2024		
		9 months results	Progress	Full-year forecast
Net sales	2,232	2,292	78%	2,950
Operating income	27	261	109%	240
Ordinary income	28	264	110%	240
Net income attributable to owners of parent	22	222	111%	200

- Record-high net sales in cumulative Q3 mainly due to brisk sales in the product business and the amusement field. Operating income, ordinary income, and quarterly net income attributable to owners of the parent have exceeded the full-year forecast.
- In the fourth quarter, we expect to continue volume shipments of "RS1" image processing semiconductors for the amusement market, as well as license and professional service revenues in the safety field, product sales and professional service revenues in the robotics field, and solid GPU-related license revenues.

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