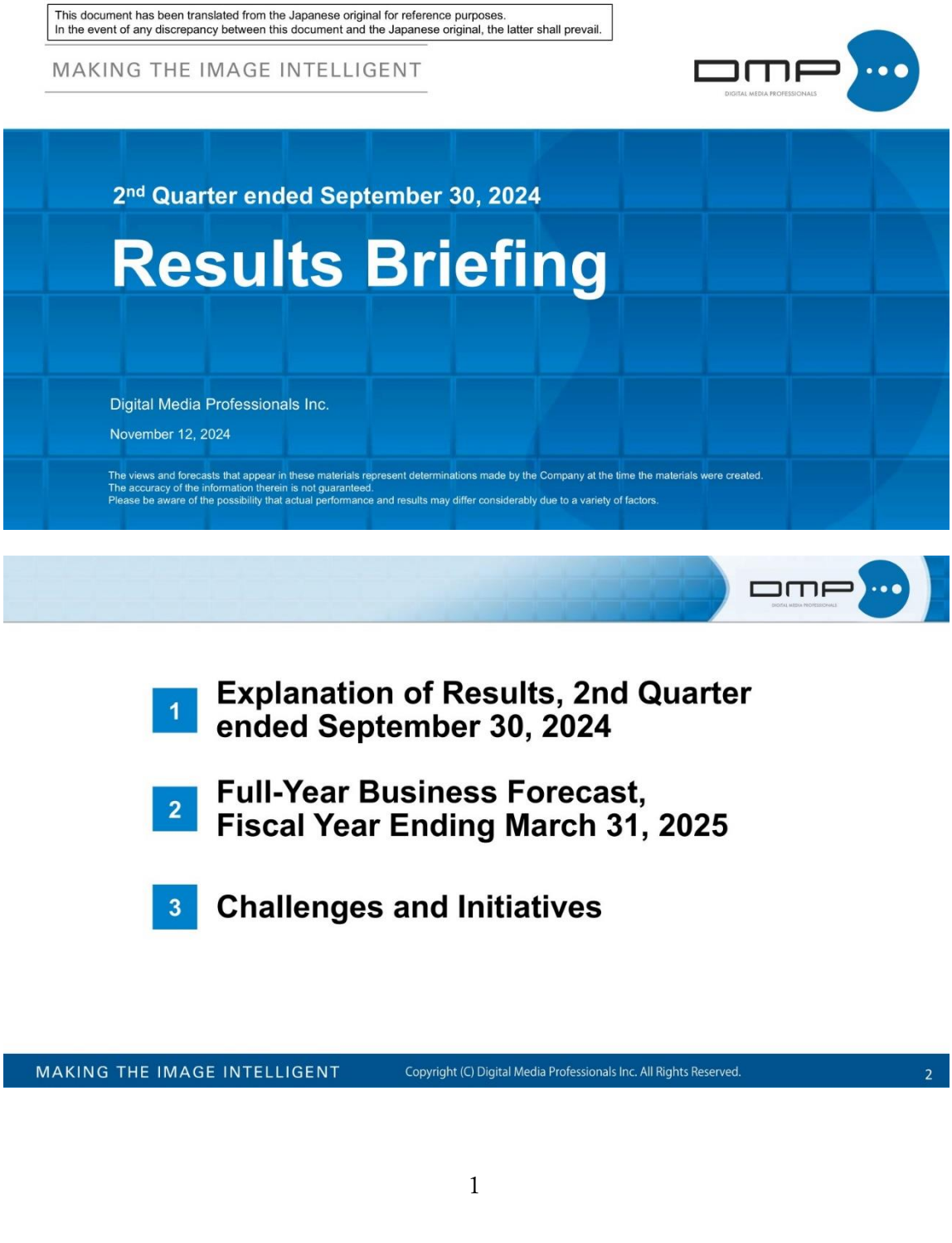
The following is an English translation of the transcript of the results briefing of Digital Media Professionals, Inc. for the six months ended September 30, 2024, on November 12, 2024. In the event of any discrepancy between this document and the Japanese original, the latter shall prevail.

[Speakers]

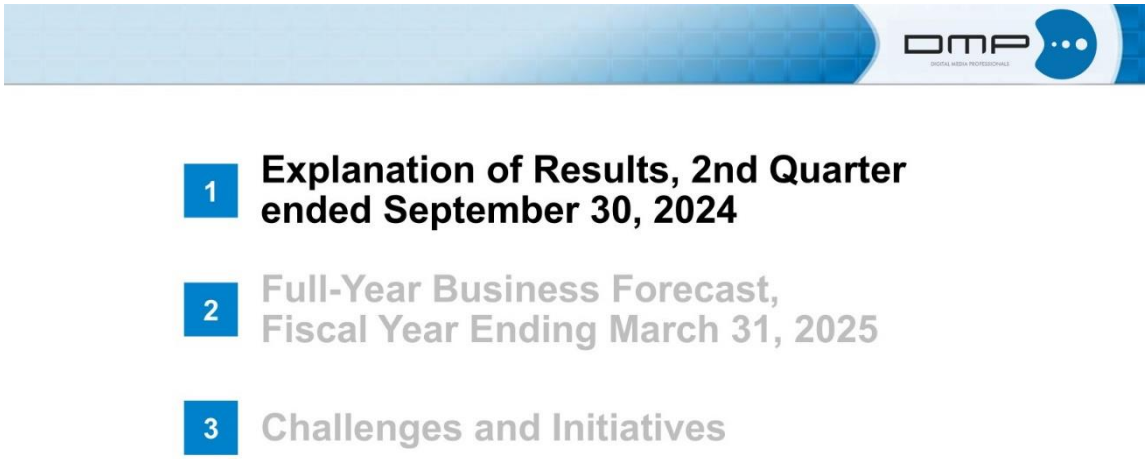
Tatsuo Yamamoto, Chairman, President and CEO, Digital Media Professionals, Inc.

Tsuyoshi Osawa, Senior Management Director, Corporate Planning Department General Manager, Digital Media Professionals, Inc.



Osawa: Thank you for joining us today for the results briefing of Digital Media Professionals, Inc. for the six months ended September 30, 2024.

Here is today's agenda. I will explain the financial results for the six months ended September 30, 2024, followed by the business forecast for the fiscal year ending March 31, 2025, and then Yamamoto will explain our challenges and initiatives for the second half and beyond.



Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Company Profile

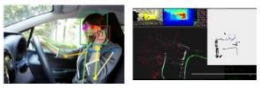
Leveraging our experience and knowledge as one of the world's leading graphics IP vendors, we have recently been contributing to solving problems for our customers and society by providing a full range of AI services from algorithm/software to hardware, and from the edge to the cloud.

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, 2024)
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



Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Osawa: Before I explain our financial results for the six months ended September 30, 2024, I would like to begin with a brief overview of our company and its strengths. Since our founding in July 2002 as a university-launched start-up, we have conducted our business with graphics technology at the core and have achieved significant results,

including the adoption of our GPU IP in Nintendo game consoles and the introduction of 2D/3D integrated graphics LSI for the amusement market.

In recent years, we have contributed to solving serious customer and social problems by leveraging our integrated development system and our ability to provide products and services from algorithm/software to hardware and from the edge to the cloud.

Osawa: Let me start with the highlights of the six months ended September 30, 2024. Net sales increased 6.5 percent year on year, reaching a new record high.

Ordinary income also increased by 2.2% year on year, with each level of income growth. By segment, sales in the amusement field grew due to the steady pachislot market. However, revenue in the non-amusement fields declined mainly due to a temporary drop in sales of Cambrian products and a decrease in GPU IP maintenance support income. While Cambrian products are transitioning from a trial phase to an implementation phase on the production line, multiple installations to automotive production lines are secured in the second half of the year, positioning us well for the future.

2nd Quarter ended September 30, 2024

Results Highlights: P/L

Sales and incomes grew mainly due to steady growth in the amusement field.

(Unit: million yen)	2nd Quarter ended Sept. 30, 2023	2nd Quarter ended Sept. 30, 2024	Amount change
Net sales	1,442	**1,535**	**+93**
Operating income	134	**144**	**+9**
Ordinary income	140	**143**	**+3**
Net income attributable to owners of parent	121	**121**	**+0**

- Net sales increased by 6.5% due to steady shipment of "RS1" image processing semiconductors for the amusement market
- Operating income, ordinary income, and net income attributable to owners of the parent grew by 7.3%, 2.2%, and 0.3% respectively

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Osawa: Here is a P/L summary. Net sales increased by 6.5% year on year to 1,535 million yen, due to sales expansion in the amusement field.

SG&A expenses increased by 42 million yen due to higher costs for development and sales activities. Operating income grew to 144 million yen, up 7.3% year on year, ordinary income grew to 143 million yen, up 2.2% year on year. Net income attributable to owners of the parent grew to 121 million yen, up 0.3% year on year, marking growth at all income levels.

2nd Quarter ended September 30, 2024

Results Highlights: Net Sales by Business and Field

Sales by business

IP core license business ¥48 million (Same period last year ¥94 million)
- Recorded AI/GPU running royalties for digital equipment, recurring revenues in safety/robotics fields, maintenance/support revenues, etc.
- Large GPU IP maintenance and support project in the previous fiscal year fell off

Product business ¥1,431 million (Same period last year ¥1,301 million)
- Recorded sales from volume shipments of RS1 and Cambrian Vision Systems

Professional service business ¥55 million (Same period last year ¥46 million)
- Recorded revenues from contracted development services in AI and amusement fields
- Provided professional services for broader safety field and for semiconductor manufacturing equipment/construction machinery in the robotics field.

Sales by field

Safety field ¥20 million (Same period last year ¥34 million)
- Recorded dashcam-related recurring revenues (running royalties and subscription fees), maintenance/support revenues and professional service revenue

Robotics field ¥62 million (Same period last year ¥69 million)
- Recorded sales of professional services and products such as Cambrian Vision Systems

Amusement field ¥1,420 million (Same period last year ¥1,257 million)
- Recorded sales of RS1 for mass production

Other ¥30 million (Same period last year ¥80 million)
- Recorded AI/GPU running royalties and maintenance/support revenues for digital equipment
- Large GPU IP maintenance and support project in the previous fiscal year fell off

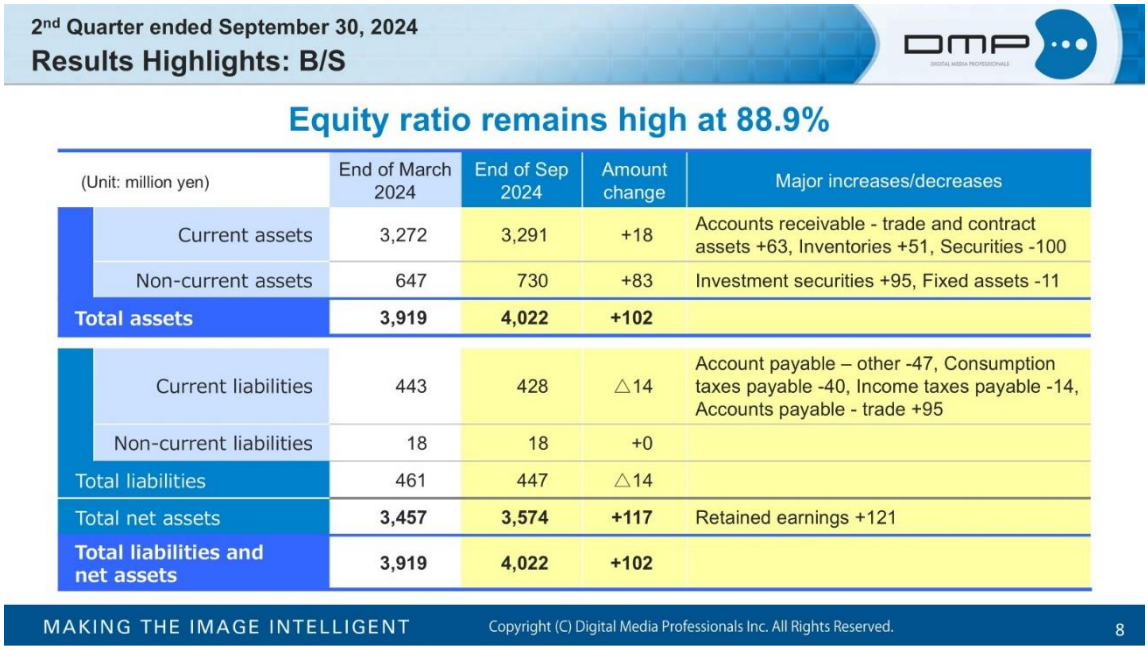
Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Osawa: Here are sales by business and field.

In the IP core license business, net sales were 48 million yen, down 48 percent year on year. Although stable recurring revenues from the safety field and running royalty

revenues related to GPUs for digital equipment were recorded, a large-scale GPU IP maintenance support project in the same period of the previous year fell off.
In the product business, net sales were 1,431 million yen, up 10% year on year, mainly due to increased sales of "RS1" graphics semiconductors for mass production.
In the professional service business, net sales were 55 million yen, up 18% year on year due to the recording of sales of AI contract development services in the broader safety field and for semiconductor manufacturing equipment/construction machinery areas in the robotics field.

In the safety field, net sales were 20 million yen, down 39% year on year, due to the absence of dashcam-related professional services despite recording professional service revenue in the broader safety field in addition to the dashcam-related stable recurring revenues.
In the robotics field, net sales were 62 million yen, down 10% year on year, due to the temporary sales decline of Cambrian Vision Systems despite recording revenue of professional services for semiconductor manufacturing equipment and construction machinery.
In the amusement field, net sales were 1,420 million yen, up 13% year on year due to steady mass production shipments of "RS1".
In other field, net sales were 30 million yen, down 62% year on year, due to an absence of the large-scale GPU IP maintenance support project in the same period of the previous year, despite recording AI/GPU royalty income from digital equipment and maintenance/support revenue.



Osawa: Here is a B/S summary. total assets at the end of September 2024 totaled 4,022 million yen, up 102 million yen from the end of the previous fiscal year. This was mainly due to increases in accounts receivable and contract assets of 63 million yen, inventories of 51 million yen and investment securities of 95 million yen, and a decrease in securities of 100 million yen.

Liabilities amounted to 428 million yen, down 14 million yen from the end of the previous fiscal year. This was mainly due to decreases in accounts payable - other of 48 million yen, consumption taxes payable of 40 million yen and income taxes payable of 14 million yen, and an increase in accounts payable - trade of 95 million.

Net assets amounted to 3,574 million yen, up 117 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of 121 million yen, resulting from the recording of net income attributable to owners of the parent.

The equity ratio was as high as 88.9 percent, and we have sufficient funds for working capital and investments to enhance our R&D structure.

1 Explanation of Results, 2nd Quarter ended September 30, 2024

2 **Full-Year Business Forecast, Fiscal Year Ending March 31, 2025**

3 Challenges and Initiatives

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Fiscal Year Ending March 31, 2025
Business Forecast

No change in the full-year earnings forecast announced on May 14, 2024

(Unit: million yen)	FY 03/2024 (Actual)	FY 03/2025	
		Forecast	% Change
Net sales	3,016	**3,200**	+6.1%
Operating income	328	**350**	+6.5%
Ordinary income	330	**350**	+5.9%
Net income attributable to owners of the parent	331	**290**	-12.5%

- In the second quarter, net sales reached a record-high, and operating income, ordinary income, and net income attributable to owners of the parent grew year on year, driven primarily by steady sales in the amusement field.
- From the third 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.

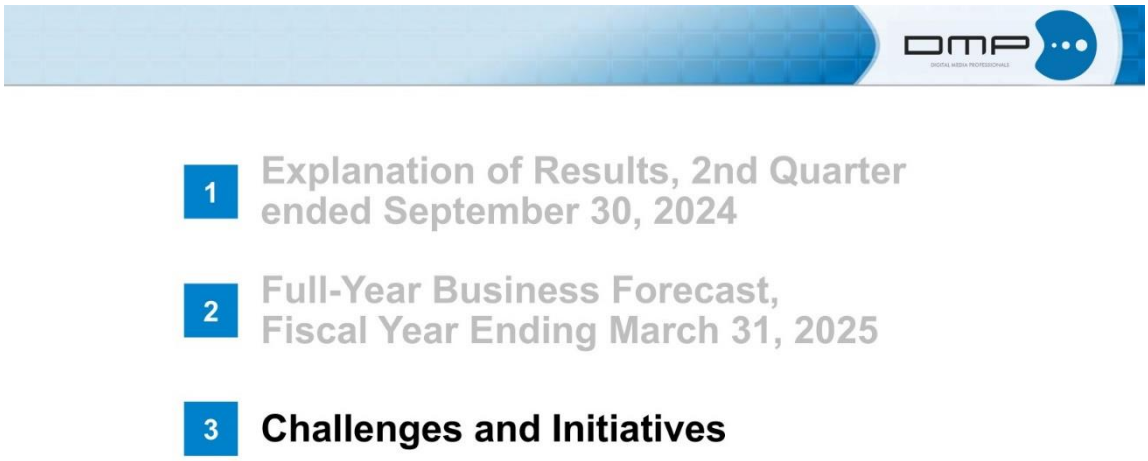
Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Osawa: As for the forecast of consolidated financial results for the fiscal year ending March 31, 2025, there is no change from the forecast announced on May 14. Net sales are projected to be 3,200 million yen, up 6.1% year on year. Operating income and ordinary income are expected to be 350 million yen, up 6.5% and 5.9% year on year respectively. Net income attributable to owners of the parent is expected to be 290 million yen, down 12.5% year on year.

The first half's performance saw increases in net sales and incomes at all levels, mainly driven by the robust amusement market.

In the second half, volume shipments of "RS1" image processing semiconductors for the amusement market are expected to remain robust.

We expect license and professional service revenues in the safety field, and product sales from “Cambrian Vision System”, professional services income from semiconductor manufacturing equipment and low-speed autonomous mobile robot applications, and license income from low-speed autonomous mobile robot applications in the robotics field.

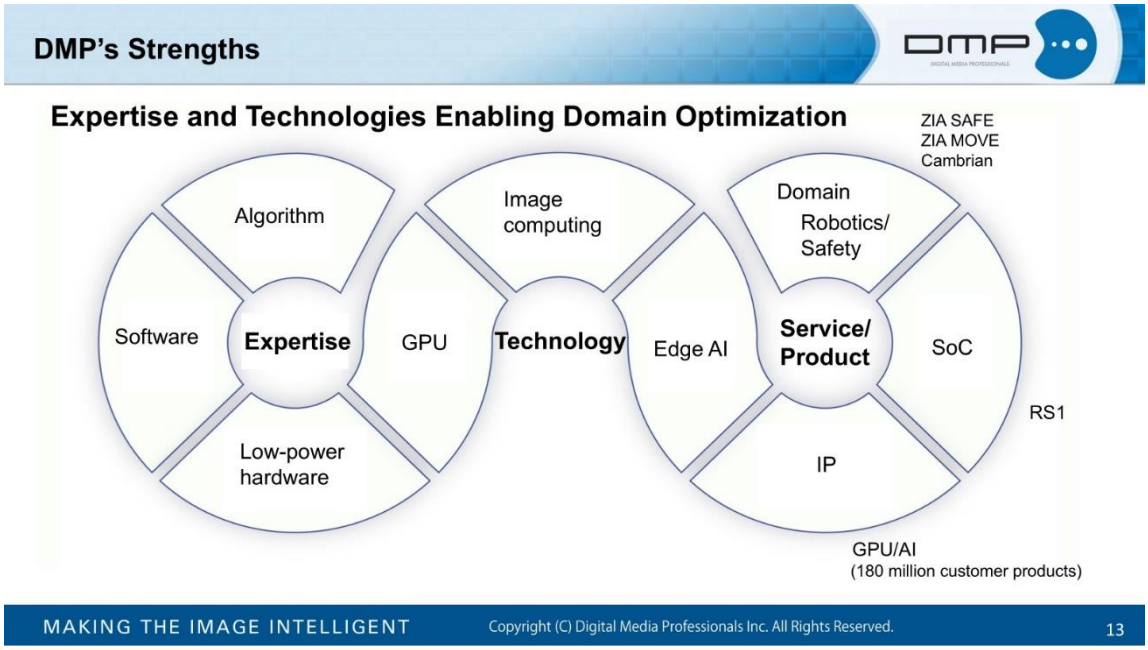


Yamamoto: I would like to talk about our challenges and initiatives.

Our purpose is "Making the Image Intelligent," aiming to solve real-world challenges, through creating innovative products and services that bring value to our stakeholders using image intelligence.

Nowadays, not a day goes by that you don't hear about generative AI. With recent advancements in generative AI including platforms like ChatGPT, AI can now understand and generate images and videos. The big challenge moving forward is how to utilize generative AI, what kind of value to create, and what kind of business to develop, which are critical questions investors are also keenly interested in.

For instance, in the field of driver assistance systems, we utilize image intelligence to create a safe and secure society. We are also tackling real social issues such as labor shortages by automating manufacturing processes using image intelligence.



Yamamoto: Regarding our strengths, this slide illustrates our expertise and technologies enabling domain optimization. Based on our specialized skills in algorithms, software, and low-power hardware on the left side of the slide, we have developed technologies including GPU, image computing, and edge AI. These technologies have enabled us to deliver our hardware IPs as our actual services and products, embedded in nearly 200 million customers' products shipped.

Currently, we are focused on the SoC products business for the amusement field, the core of our business, and robotics/safety fields, which are expected to grow in the future. We offer products such as "ZIA SAFE," an integrated development platform for safe driving assistance systems, "ZIA MOVE," an integrated development platform for robots, and "Cambrian Vision System" for these fields.

Highlights for 6 months ended September 2024

- Continued strong shipments of RS1
- Strategic partnership with iCatch to develop edge AI solutions
- Launch of next generation AI IP A3000 V2
- Strengthened partner collaboration for Cambrian Vision System

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Yamamoto: Let me talk about highlights for the first half. First, we continued stable shipments of "RS1". Second, we established a strategic partnership with iCatch Technology Inc. for edge AI solution development. Third, strictly speaking, it wasn't within the first half, but last week, we announced the next-generation AI IP "A3000 V2". Fourth, we have strengthened partnerships for "Cambrian Vision System". I will explain these points in detail from now on.

Amusement Field

Amusement Market

- Steady utilization of smart pachislot continues in response to halls' expectations; market environment is favorable

RS1

- Strong shipments continued, with sales up 13% year-on-year
- Expanding RS1 share mainly through ZEEG's common chassis, adopted by 7 pachislot manufacturers; 9 models adopted in 2024*
- Continuous function enhancement through software update
- Proposing total solution including that for peripheral equipment

Amusement SoC RS1

Industry's first real-time 3D engine and high-performance, high-compression video engine on a single chip

* As of November 11, 2024 (https://www.zeeg.jp/product/)

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Yamamoto: In the amusement field, particularly in the pachislot industry where our products are mainly used, the smart pachislot has been meeting expectations of halls, resulting in steady utilization. We see the market environment as positive, and Sammy, our key customer, shares this view.

"RS1," the industry's first chip integrating real-time 3D graphics and a high-performance image engine on a single chip, continues stable shipments, with its sales up 13% year on year. ZEEG, a joint venture between Sammy and Universal Entertainment, develops and sells standard chassis for the industry. The adoption of "RS1" in these standard chassis helps expand our market share.

Seven pachislot manufacturers have adopted RS1. Nine new titles using "RS1" have been introduced in 2024, and this number is expected to continue growing. We continuously enhance "RS1" through software updates from our side to meet new customer demands.

On top of supplying "RS1," we continuously propose solutions including for peripheral devices.

Yamamoto: Let me explain our partnership with iCatch Technology Inc. On October 1, 2024, DMP and iCatch announced a partnership aimed at providing one-stop hardware and software solutions to accelerate the development of edge AI cameras.

By combining our AI recognition technology with iCatch's imaging SoC, we aim to provide one-stop hardware and software solutions for customers developing edge AI. Previously, customers procured semiconductors, hardware, and software separately. Through our partnership, we can significantly shorten development periods and reduce costs substantially. We plan to provide solutions in various areas including automotive, security cameras, and robotics.

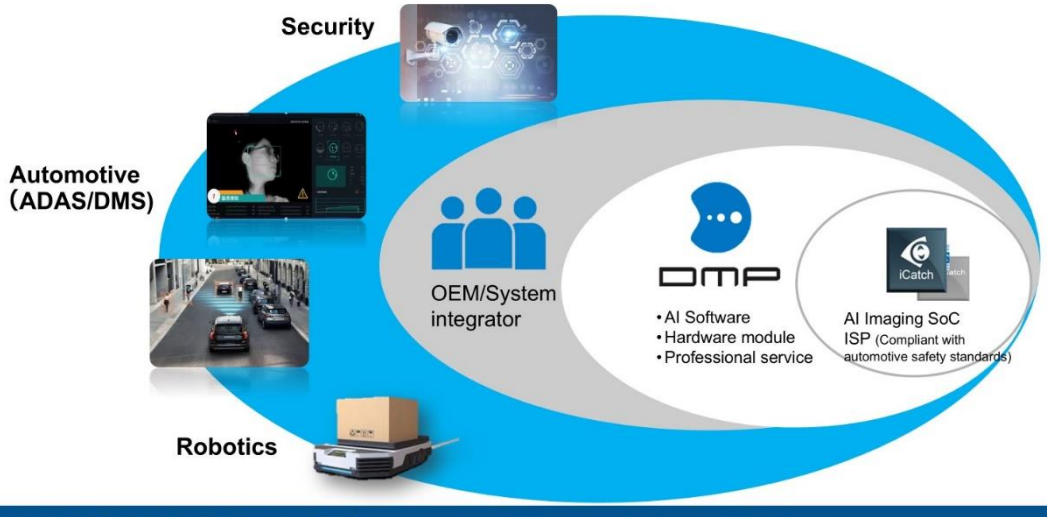
About iCatch Technology

- Founded in 2009, a fabless semiconductor vendor headquartered in Hsinchu, Taiwan
- Provides high-performance imaging SoCs and image signal processing (ISP) chips for a wide range of applications including automotive cameras, security cameras, drones and action cameras
- Complies with automotive safety standards ISO 26262, AEC100 and ASIL
- Shipping imaging SoCs with DMP GPU IP (cumulative shipments of approx. 3 million units)

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Yamamoto: iCatch Technology Inc., founded in 2009, is a fabless semiconductor vendor headquartered in Hsinchu, Taiwan. They sell high-performance imaging SoC and specialized chips called ISP (Image Signal Processing) for a wide range of fields, including automotive cameras, security cameras, drones, and action cameras. Especially in the field of image signal processing, they possess world-class technology. The combination of such high-performance ISPs and our AI greatly enhances our AI's recognition capabilities, making this partnership very important. Moreover, iCatch's products comply with automotive safety standards like ISO26262. They have shipped around 3 million chips equipped with our GPU IPs. This longstanding cooperation and mutual trust form the foundation of our current partnership.

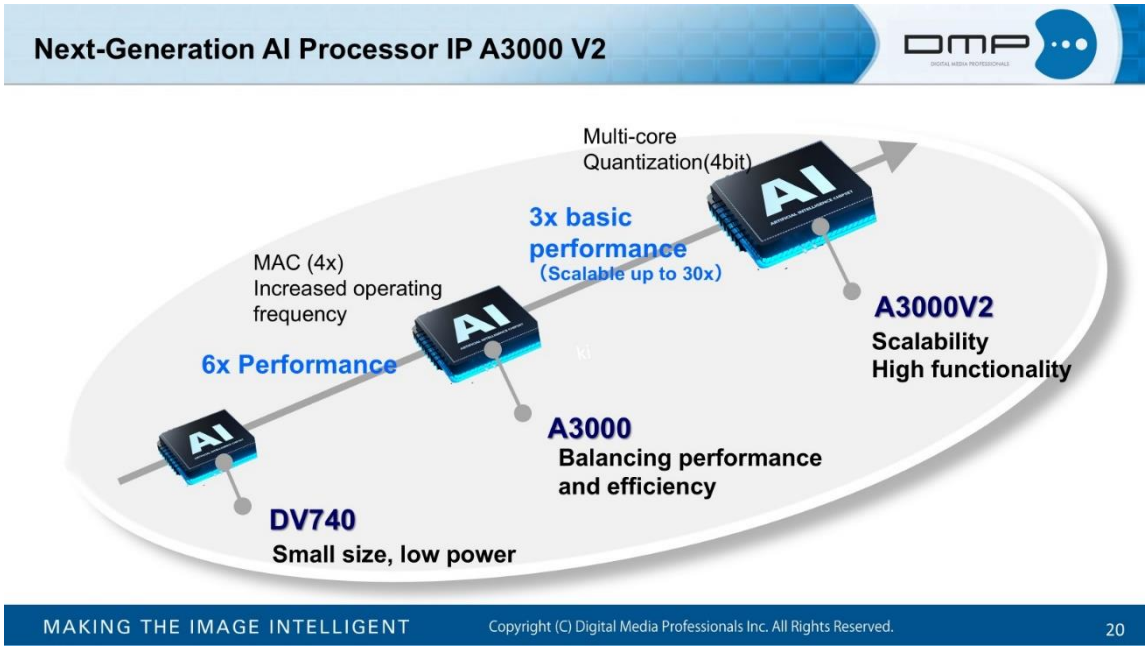
AI Solution Development by iCatch/DMP



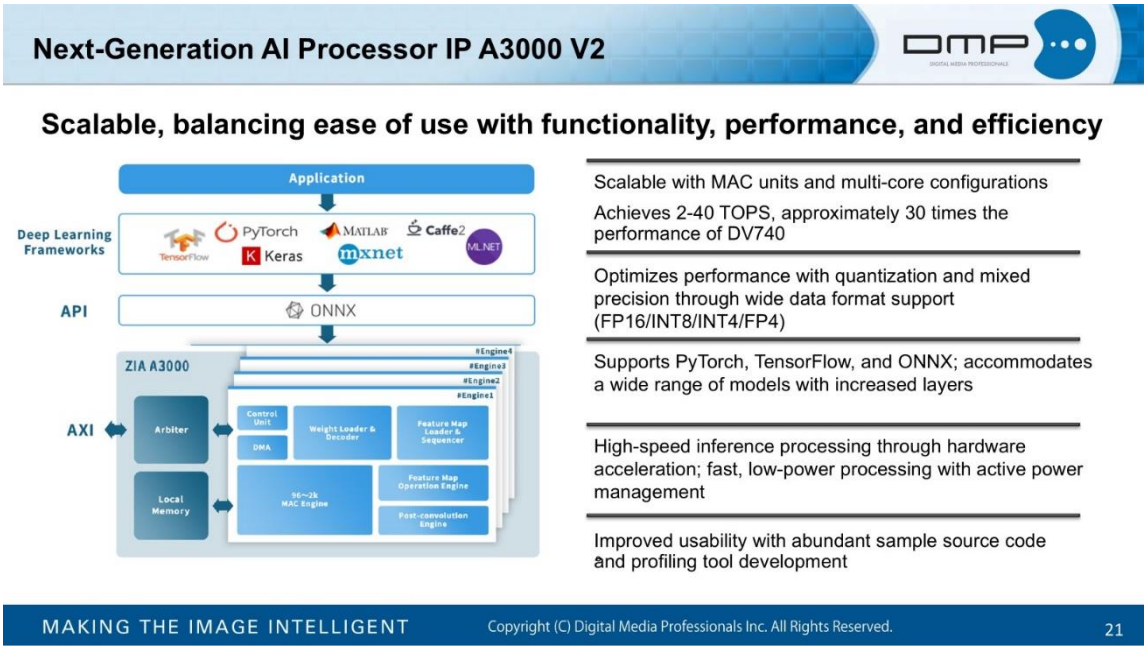
Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Yamamoto: Combining iCatch's AI imaging SoC with DMP's AI software, hardware modules, and professional services provides one-stop solutions to OEMs and system integrators who are developing edge AI, leading to solution developments in fields like security, automotive, and robotics.

Yamamoto: The slide shows examples of automotive AI solutions, specifically ADAS (advanced driver assistance systems)/safe driving support and driver monitoring. In these two areas, DMP has provided software to customers like Denso Ten and JVC Kenwood, with real services ongoing. Providing one-stop solutions through collaboration with iCatch can further enhance business value.



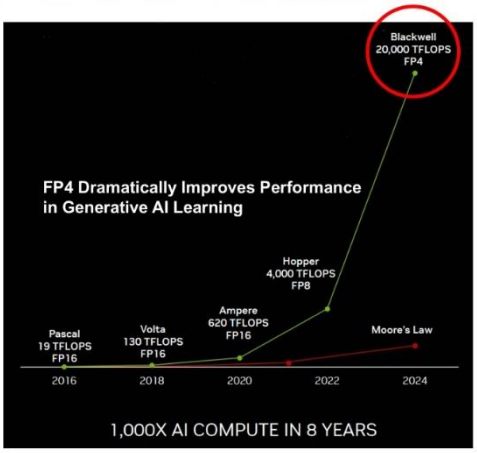
Yamamoto: Let me introduce the next-generation AI processor "A3000 V2". "A3000" offers 6 times the performance of the small, low-power "DV700" series that has already been adopted by major camera and television manufacturers. The newly announced "A3000 V2" further triples the basic performance of "A3000" and features scalability up to 30 times through multicore processing, representing a very versatile high-performance IP.



Yamamoto: "A3000 V2" not only offers scalability but also prioritizes ease of use and a balance of functionality, performance, and efficiency. By adopting multi-core MACs for operation circuits, it achieves an extremely high performance of up to 40TOPS. It supports various data formats to optimize accuracy and performance.

It includes a standard programming interface ONNX to support popular AI frameworks such as PyTorch and TensorFlow. Hardware acceleration, our strength, enables fast inference processing, and active power management realizes low-power consumption. For usability, a rich set of sample source codes and profiling tools supports more efficient development.

Edge AI Processor in response to Generative AI Era



Source: 2024 Nvidia GTC Conference

Industry's first*1 implementation of FP4*2 used in Nvidia's latest AI processor, Blackwell, in an edge AI inference processor

- Significant improvement in processing performance
- Achieves high-speed inference while reducing memory bandwidth and power consumption
- Substantial reduction in model size
- Maintains high accuracy through optimization techniques

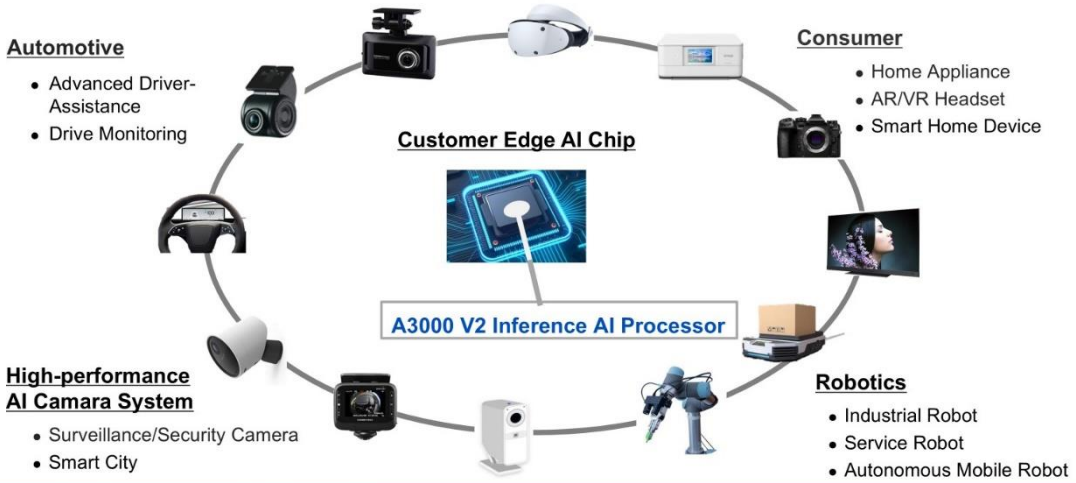
*1: According to our survey
*2: 4-bit floating point operations

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Yamamoto: One distinctive feature of the "A3000 V2" is FP4, 4-bit floating-point arithmetic operations. This technology was first adopted in the NVIDIA "Blackwell", a state-of-the-art AI processor for data centers announced in March this year, which has greatly improved the performance.

We are the first in the industry to adopt FP4 in edge AI processors, significantly enhancing processing performance. FP4 data is very compact compared to conventional 8-bit or 16-bit data, allowing for reduced memory bandwidth and high-speed inference processing with much less power consumption, along with greatly minimized memory size. Meanwhile, it maintains high accuracy equivalent to larger-bit processing through optimization techniques.

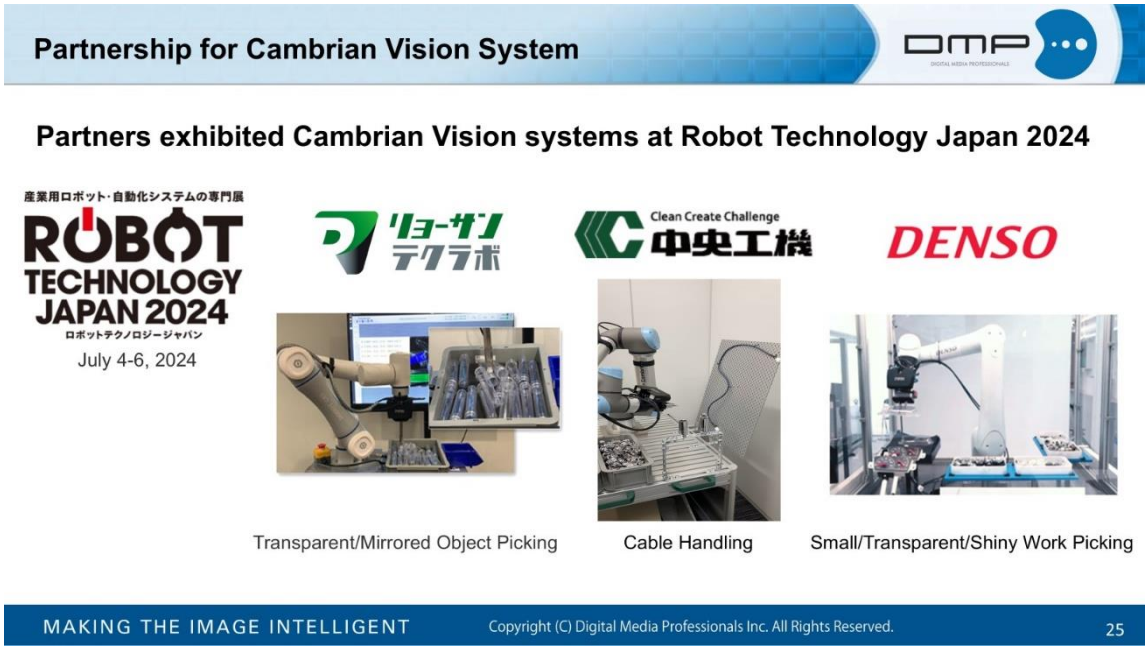
A3000 V2 Target Applications



Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Yamamoto: "A3000 V2" is expected to be supplied to edge AI chips in various fields such as consumer electronics, automotive, high-performance AI camera systems, and robotics, as mentioned in the slide.

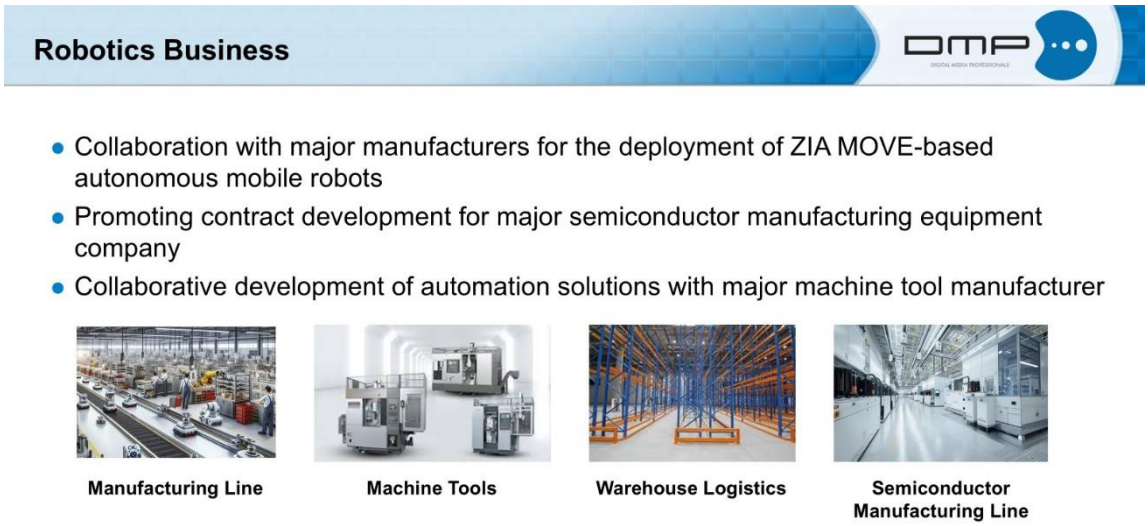
Yamamoto: "Cambrian Vision System," sold exclusively by DMP in Japan, is an AI-based high-performance vision system mounted on robot arms. It can accurately recognize translucent or shiny components at high speed, even in bright or backlit conditions, which has been nearly impossible for conventional robot vision systems.



Yamamoto: This year, we focus on strengthening partnerships for Cambrian Vision System." At "Robot Technology Japan 2024" event in July, Ryosan Corporation, Chuo

Koki, and Denso Wave showcased the systems at their booths. Denso Wave displayed an advanced demonstration using three "Cambrian Vision Systems".

Chuo Koki’s cable handling, shown in the slide's center, highlights a challenging area for robots. Traditional robots struggled to accurately track and grasp changing shapes and soft objects, and accurately insert and remove connectors at the ends of cables. "Cambrian Vision System" has achieved this, acquiring high interest and strong inquiries from cable harness manufacturers and major automobile companies.



Yamamoto: Regarding our robotics business overall, the number of licenses of the robot integrated development platform "ZIA MOVE" we offer our customers is gradually increasing.

Looking at customer trend, we feel that they are seriously considering incorporating our vision-enabled "vSLAM" for autonomous mobile robots. We are currently supporting a few customers who are examining the implementation in their production lines.

We are also involved in a multi-year contract for commissioned development with a major customer in semiconductor manufacturing equipment, developing an automated transport system for semiconductor manufacturing equipment. This is a highly promising area, and we are focusing on it.

We are also developing automation solutions with large global customers in the machine tool industry. Integrating "Cambrian Vision System" into machine tools enables automated operation. This could create the standard platform for machine tools, potentially expanding into overseas markets. We have high expectations for this.

Priority Measures

Accelerating our business with the Purpose of Making the Image Intelligent

- Promote RS1 and Cambrian vision system product businesses
- Focus on the development of core technologies and solutions for edge AI
- Strengthen professional service business through collaborations, such as with iCatch Technology
- Tap growth areas with new AI image recognition technologies
- Focus on priority areas in robotics and find related products

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

Yamamoto: Under the purpose "Making the Image Intelligent," first, we are advancing the business for "RS1" and "Cambrian Vision System." Second, we will focus on developing core technologies and solutions for edge AI like "A3000 V2". Third, we will strengthen our professional service business through collaborations such as the one with iCatch. Fourth, we aim to capture growth areas by developing new AI image recognition technologies.

Lastly, we will focus on growth areas such as semiconductor manufacturing equipment and machine tools in the robotics field. We will also search for related products globally to add more business value.

<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.

Copyright (C) Digital Media Professionals Inc. All Rights Reserved.

[Q&A session]

Q1: Please provide examples and business feasibility of new businesses, specifically, semiconductor manufacturing equipment area and FA inspection market in the robotics field and examples of infrastructure video inspection business in the integrated domain of safety and robotics.

A1: In the robotics field, we are collaborating with major manufacturers to deploy automated transport robots based on "ZIA MOVE." While I cannot provide details on commissioned work for semiconductor manufacturing equipment, it essentially involves an automated transport system within cleanrooms. This is a very advanced project utilizing vision technology, and we intend to focus on developing such areas further. Regarding the FA area, we are exploring new products, including those from overseas vendors, with "Cambrian Vision System" being the forerunner. We are in the process of discovering and developing products that enhance the added value in the robotics field. (Yamamoto)

Q2: Please tell us about new businesses in the amusement market. In the previous results briefing, you mentioned new customers and business opportunities. What progress has been made since then?

A2: Fundamentally, "RS1" remains the core of our business. As "RS1" was adopted in ZEEG's standard chassis and our market share expanded, we have received various new requests from customers. We are making proposals to meet these with comprehensive technologies, including AI. (Yamamoto)

Q3: You mentioned medium- to long-term growth image in "Business Plan and Growth Potential" material dated June 25, 2024. When will a plan with specific years and figures be formulated and announced?

A3: We had various internal discussions and formulated a medium-term business plan, but we do not plan to announce specific figures now. However, the medium- to long-term growth image we announced was based on the actual plan we formulated, so it should generally be considered as the trend. In addition, we plan to update the "Business Plan and Growth Potential" annually, including new business strategies and quantitative effects. (Osawa)

Q4: No returns including commemorative ones have been made to shareholders other than QUO cards. Now that cumulative losses are expected to be wiped out with this fiscal

year's profit, what are your thoughts on implementing measures such as dividends, share buybacks, or shareholder benefits in this second founding period?
A4: In the semiconductor and AI-related industries to which we belong, it is essential to develop competitive products. Including this point, we will determine profit distribution by comprehensively taking into account future business strategies, business performance, and capital needs associated with development investments. At this time, the possibility and timing of shareholder returns have not yet been determined. This will continue to be an issue for consideration. (Osawa)

Q5: Improved performance and profitability with the full-fledged adoption of RS1 plus NPU announced last week, it is expected that the accumulated losses will be wiped out and the company's financial position will become even stronger. On the other hand, the share price is still below the initial public offering price, even on a long-term average basis, even though it has been 13 years since the company went public. With no dividends or share buybacks, individual investors would avoid the stock due to high volatility. What are your thoughts on concrete measures for stock price improvement and future policy with specific criteria?
A5: We apologize for the concern regarding our stock price. We recognize high volatility and low trading volume as issues. By announcing new product developments and improving actual performance, we aim to enhance our presence. Specific criteria are difficult to state at this stage, as we are still investing in development, but we will continue to consider this matter. (Osawa)
We take the market's evaluation of our stock price seriously, but we believe that achieving actual results in growth areas is most important. By continuing to introduce highly competitive products in fields such as robotics and AI, we aim to enhance our corporate value, which will be reflected in stock price evaluation. (Yamamoto)

Q6: The decline in recurring revenue and AI/GPU running royalties for digital equipment seems significant. Is this due to the end of adoption by customers, and do you have plans to acquire new customers to replace them?
A6: Recurring revenue and running royalties are generally stable. The decline in the IP core license business is due to the reduced large-scale GPU IP maintenance support income year on year. Customers’ adoptions have not ended. When new models are released, our IPs will be incorporated into them. We aim to add royalties from new IPs like A3000 to bring the IP core license business back onto a growth track. (Osawa)

Q7: The transition from the Growth Market might improve corporate credibility and aid recruitment. What's your thought on this?

A7: We do not intend to stay in the Growth Market and eventually would like to move up to markets like the Standard Market. However, we believe internal management systems and stable business performance are necessary. We aim to achieve this through various growth strategies we explained today. (Osawa)