[2nd Quarter ended September 30, 2025 Results Briefing]
Date: November 12, 2025, 16:30 - 17:20
Speakers:
Tatsuo Yamamoto, Chairman, President and CEO
Tsuyoshi Osawa, Senior Managing Director, General Manager of Corporate Planning Department

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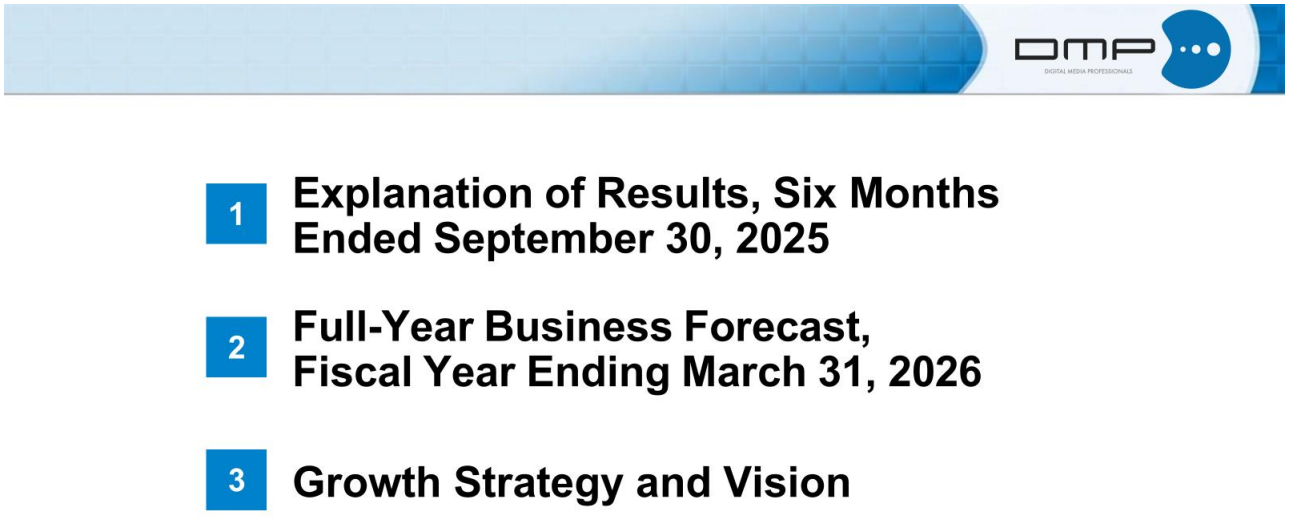
In the event of any discrepancy between this document and the Japanese original, the latter shall prevail.

MAKING THE IMAGE INTELLIGENT

Osawa: Thank you for attending Digital Media Professionals Inc.'s FY2026/3 Q2 results briefing.



Osawa: I will present the FY2026/3 Q2 financial results and the full-year business forecast.

Following that, Yamamoto will present our growth strategies and vision.

1 **Explanation of Results, Six Months Ended September 30, 2025**

2 Full-Year Business Forecast, Fiscal Year Ending March 31, 2026

3 Growth Strategy and Vision

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	60 (as of April 1, 2025)
Number of patents	35 cases

IP core license business
- AI/GPU IP core license
- AI software license

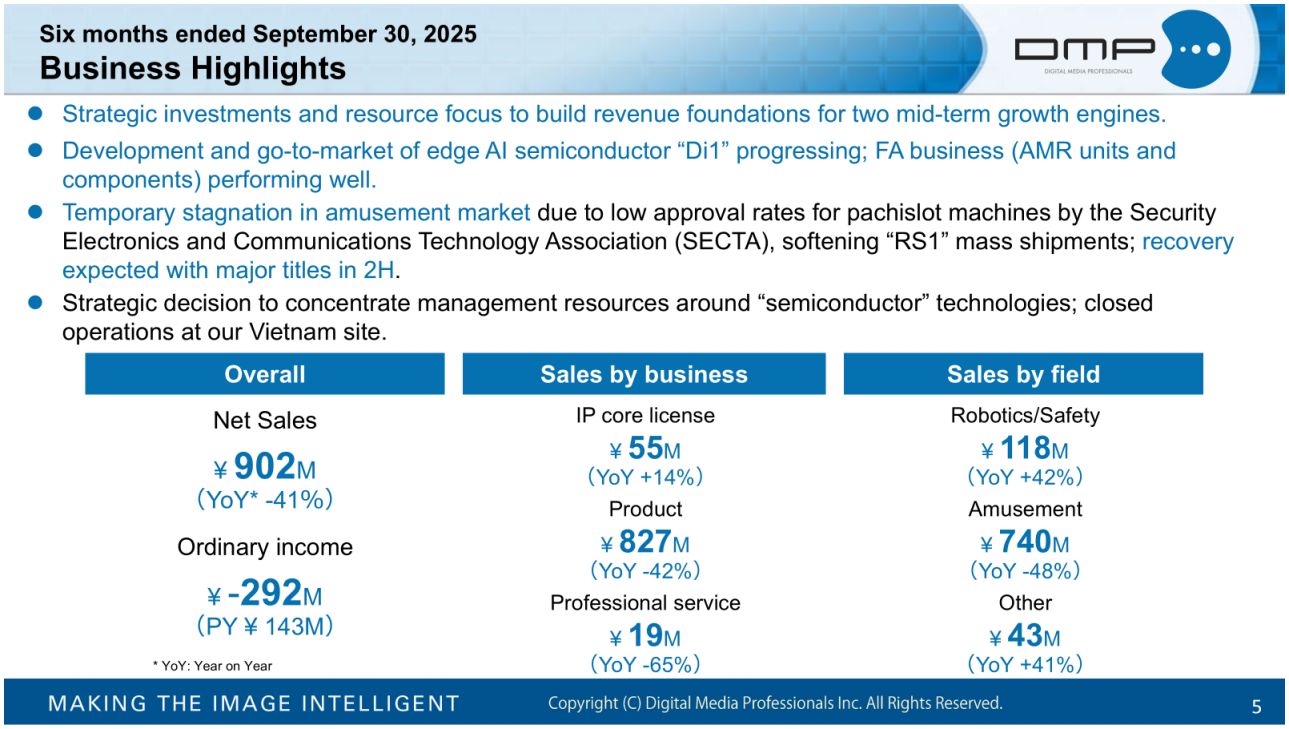
Product business
- Image processing LSI for amusement market
- Edge AI semiconductor
- Vision system for collaborative robot
- FA products (AMR units/components)
- Module

Professional service business
- AI algorithm/computer vision software contracted development
- FPGA/Board contracted development
- Customer product/service support related to robotics/safety

Osawa: Before delving into the FY2026/3 Q2 results, I will briefly outline our company. Since our foundation in July 2002 as a university-launched start-up, DMP has focused on graphics technology. We achieved significant milestones, including the adoption of our GPU IP in Nintendo game consoles and the introduction of 2D/3D integrated graphics LSI for the amusement market, which is now a core revenue stream.

In recent years, we have expanded into the AI/Deep Learning domain, leveraging our GPU expertise. Our strength lies in providing end-to-end development, products, and services, covering algorithms, software, hardware, and edge-to-cloud solutions. DMP's unique

technology, products, and services contribute to solving critical customer and societal challenges, and AI implementation in society.
Development of our next-generation edge AI semiconductor, "Di1," commenced last fiscal year. We are now actively pursuing business development, with mass production scheduled to start in Q4 of the current fiscal year.



Osawa: Now, let's move to the business highlights of FY2026/3 Q2. Our interim performance saw revenue of 902 million yen and an ordinary loss of 292 million yen, marking a decrease in both revenue and income. While a temporary stagnation in the amusement market was the main factor for reduced revenue, income decline was partly due to the investment in Di1 development, totaling 143 million yen. This investment reflects our "aggressive strategic investment phase" towards future growth. This is a proactive move aimed at enhancing long-term corporate value and strengthening our future revenue base.
Currently, the amusement market is experiencing a temporary slowdown due to low approval rate by the Security Electronics and Communications Technology Association (SECTA), leading to a decrease in shipments of our flagship product, "RS1." We consider this a temporary situation. With major new titles from amusement machine manufacturers, such as Sammy Corporation, slated for shipment in the second half, we anticipate a recovery in RS1 mass production shipments.
Revenue in the growing Robotics/Safety field increased by 42% year-on-year to 118 million yen, partly due to the contribution of our newly launched FA business. The IP Core License business also showed solid growth, up 14%.
Furthermore, to concentrate management resources on growth areas centered on semiconductor technology, we ceased operations of DMP Vietnam, which primarily focused on software development, at the end of September this year. This strategic decision aligns with our focus on core semiconductor technology and the allocation of limited management resources to areas with the highest growth potential.

Six months ended September 30, 2025

Results Highlights: P/L

Revenue and income declined due to temporary stagnation in amusement market and strategic semiconductor development investments

(Unit: million yen)	2nd Quarter Sept 30, 2024	2nd Quarter Sept 30, 2025	Amount Change
Net Sales	1,535	**902**	**-632**
Operating income	144	**-299**	**-444**
Ordinary Income	143	**-292**	**-435**
Net income attributable to owners of parent	121	**-313**	**-435**

- Invested ¥143 million in strategic development of Edge AI semiconductor “Di1”
- Amusement market softness from lower approval rates by SECTA led RS1 shipments to halve YoY; net sales down 41.2%.
- Operating income and ordinary income declined YoY due to lower sales compared to the same period last year and the recording of "Di1" development costs.
- Net income attributable to owners of parent declined YoY due to the recording of loss on investment securities of ¥19 million as an extraordinary loss.

Osawa: Next, an overview of our P&L. Net sales decreased by 41.2% to 902 million yen, primarily due to reduced shipments of RS1 amid a temporary slowdown in the amusement market.

Operating loss was 299 million yen and ordinary loss was 292 million yen due to the year-on-year decrease in revenue and the ¥143 million in development costs for the next-generation edge AI semiconductor “Di1” as a strategic investment. Net loss attributable to owners of parent for the interim period was 313 million yen due to the recording of loss on investment securities of 19 million yen.

Six months ended September 30, 2025

Results Highlights: Net Sales by Business and Field

Sales by business

IP core license **¥55 million** Same period last year ¥48 million

- Recorded running royalties for AI/GPU in digital devices, recurring revenue in robotics/safety, and maintenance/support income.

Product **¥827 million** Same period last year ¥1,431 million

- Recorded sales of mass shipments of RS1, Cambrian Vision Systems, camera modules for drones, and FA products
- Temporary stagnation in amusement market led RS1 mass shipments to halve YoY; recovery expected in 2H.

Professional service **¥19 million** Same period last year ¥55 million

- Recorded contract development service income for semiconductor manufacturing equipment and AMR, etc.

Sales by field

Robotics/Safety* **¥118 million** Same period last year ¥83 million

- Recorded recurring revenue (running royalties, subscription fees) related to dashcams, maintenance support income, product sales of Cambrian Vision Systems, camera modules for drones and FA products, and professional service revenues for semiconductor manufacturing equipment and AMR, etc.

Amusement **¥740 million** Same period last year ¥1,420 million

- Sales mainly from RS1 mass shipments

Other **¥43 million** Same period last year ¥30 million

- Recorded running royalties for AI/GPU in digital devices and maintenance/support income.

* From FY March 2026, “Safety” and “Robotics” fields are integrated into “Robotics/Safety,” reflecting the importance of safety technologies (e.g., contact/risk detection) in advanced robotics such as cobots and AMRs and alignment with our business direction.

Osawa: Next, sales by business and field. In the Product business and Amusement field, sales decreased as mass production shipments of our image processing semiconductor RS1

halved year-over-year, impacted by the low approval rate by the SECTA. However, we expect recovery in the second half with the introduction of new titles from pachinko/pachislot machine manufacturers.
In the Robotics/Safety field, driven by advancements in autonomous mobile robot (AMR) and collaborative robot technologies and their societal implementation, we recorded broad-based sales growth. This includes Cambrian Vision Systems, camera modules for drones, the FA business handling AMR units and components from advanced Chinese companies, and professional services for semiconductor manufacturing equipment and AMRs. Notably, starting FY2026/3, DMP has integrated "Safety" and "Robotics" into a single "Robotics/ Safety" field to enhance focus on this growth area. The IP Core License business and Other field also saw solid revenue increases.
The Professional Services business recorded a decrease in sales, mainly due to low revenue from professional services for advanced driver-assistance systems. However, projects utilizing Large Language Models (LLMs) are progressing, and we anticipate an increase in broader safety-related services, as Yamamoto will explain later regarding Vision-LLM Insight.

Six months ended September 30, 2025
Results Highlights: B/S

Equity ratio remains high at 87.7%
– Strong financial position enables strategic investment –

(Unit: million yen)	March 31, 2025	Sept 30, 2025	Amount change	Major factors
Current assets	3,297	2,761	-536	Cash and deposits -486, Securities -200, Inventories +142
Non-current assets	794	996	+202	Investment securities +182
Total assets	**4,092**	**3,758**	**-334**	
Current liabilities	461	441	-20	Accounts payable +63, Other -74
Non-current liabilities	19	18	-0	
Total liabilities	480	460	-20	
Total net assets	**3,611**	**3,297**	**-313**	Retained earnings -313
Total liabilities and net assets	**4,092**	**3,758**	**-334**	

MAKING THE IMAGE INTELLIGENT 8

Osawa: Next, an overview of our B/S. Total assets decreased by 334 million yen from the previous fiscal year-end to 3,758 million yen. This was primarily due to 486 million yen decrease in cash and deposits and 200 million yen decrease in securities, partially offset by 142 million yen increase in inventories and 182 million yen increase in investment securities.
Total liabilities decreased by 20 million yen from the previous fiscal year-end to 460 million yen. This was mainly driven by 63 million yen increase in accounts payable and 74 million yen decrease in other current liabilities, primarily accounts payable - other.
Net assets decreased by 313 million yen from the previous fiscal year-end to 3,297 million yen. This was primarily due to 313 million yen decrease in retained earnings, resulting from the recording of the interim net loss attributable to owners of parent.

Consequently, the equity ratio was 87.7%. We continue to maintain a strong financial foundation that enables growth investments and agile spending.

1 Explanation of Results, Six Months Ended September 30, 2025

2 **Full-Year Business Forecast, Fiscal Year Ending March 31, 2026**

3 Growth Strategy and Vision

Fiscal year ending March 31, 2026
Business Forecast

No change from May 13 forecast
– Executing proactive strategic investments for future growth in FY March 2026 –

(Unit: million yen)	FY March 2025 Actual	FY March 2026 Forecast	FY March 2026 YoY
Net sales	3,077	**3,250**	+5.6%
Operating income	265	**20**	-92.5%
Ordinary income	271	**25**	-90.8%
Net income attributable to owners of parent	157	**20**	-87.3%

- During interim period, RS1 mass shipments were temporarily soft due to low approval rates (notably pachislot), but major new models from manufacturers are slated, with recovery expected in 2H.
- Plan to spend the remaining US$1.0M strategic development investment for “Di1” in Q3.
- Mid-term: aim to expand earnings and corporate value by further capturing the amusement market and driving two growth engines—Edge AI Semiconductor and FA.

Osawa: Finally, for the current fiscal year (FY2026/3) consolidated business forecast, there is no change from the forecast announced on May 13. We forecast net sales of 3.25 billion yen, 5.6% increase, and operating income of 20 million yen as we continue strategic investments. We consider it necessary for future revenue growth.
In the second half, in addition to the recovery of the amusement market, our development investment in Di1 will reach its final phase, laying a solid foundation for revenue contribution from the next fiscal year onward.

Medium-term, we aim for dramatic growth through two new growth engines –Edge AI Semiconductor business and FA business – building upon our stable Amusement business. Notably, the Edge AI chip market is expected to grow at a CAGR of over 30% until 2030, and DMP is exceptionally well-positioned to capture this growth market.
With a growth strategy based on our long-cultivated semiconductor technology and a robust financial foundation, DMP is steadily preparing for future expansion. We hope you will focus on our medium-to-long term growth story beyond short-term business fluctuations.
This concludes my part of the presentation. Thank you for listening.

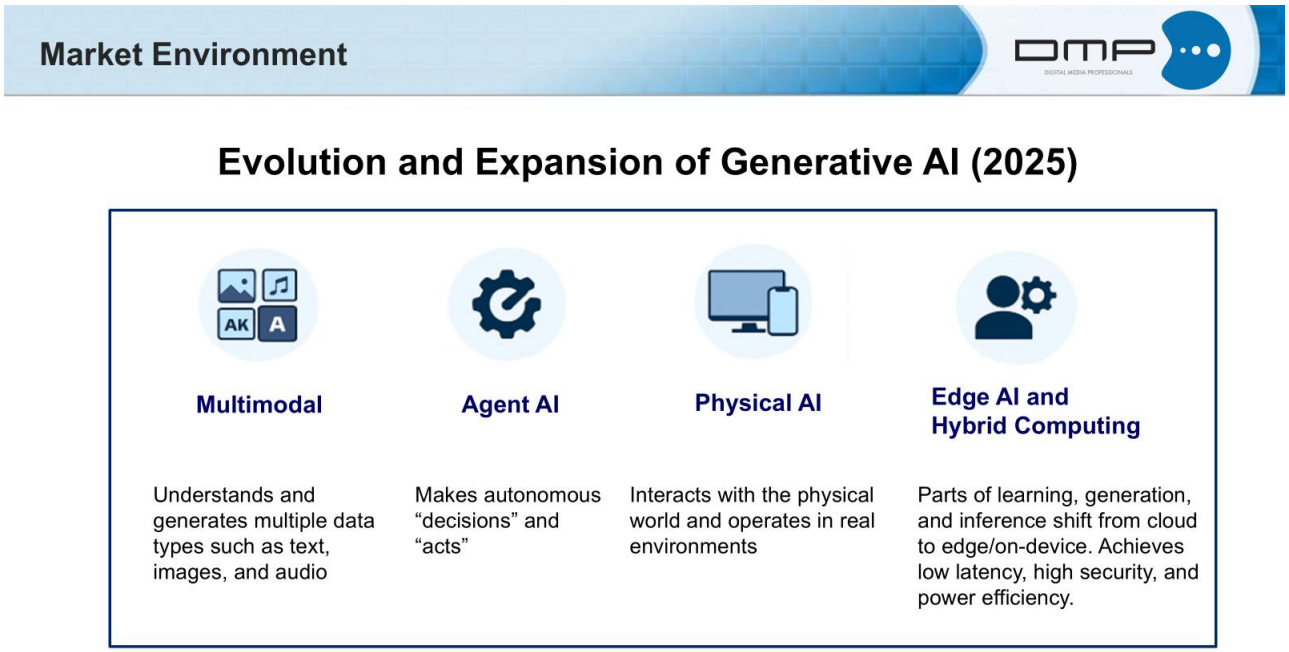
1 Explanation of Results, Six Months Ended September 30, 2025

2 Full-Year Business Forecast, Fiscal Year Ending March 31, 2026

3 **Growth Strategy and Vision**

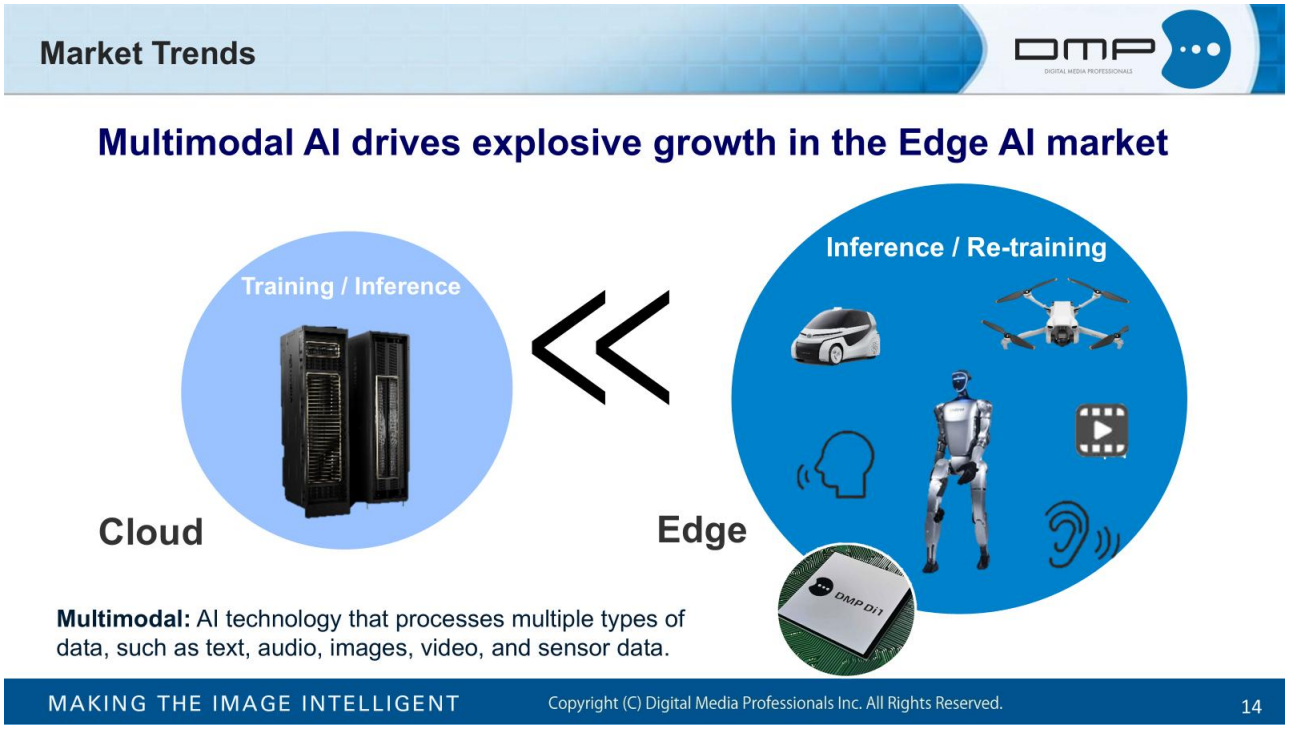
Yamamoto: Now, I will present our growth strategies and vision. Our purpose is "Making the

Image Intelligent," primarily through AI technology. We are developing innovative products and services that solve various societal challenges in the real world and deliver value to our stakeholders through image intelligence.

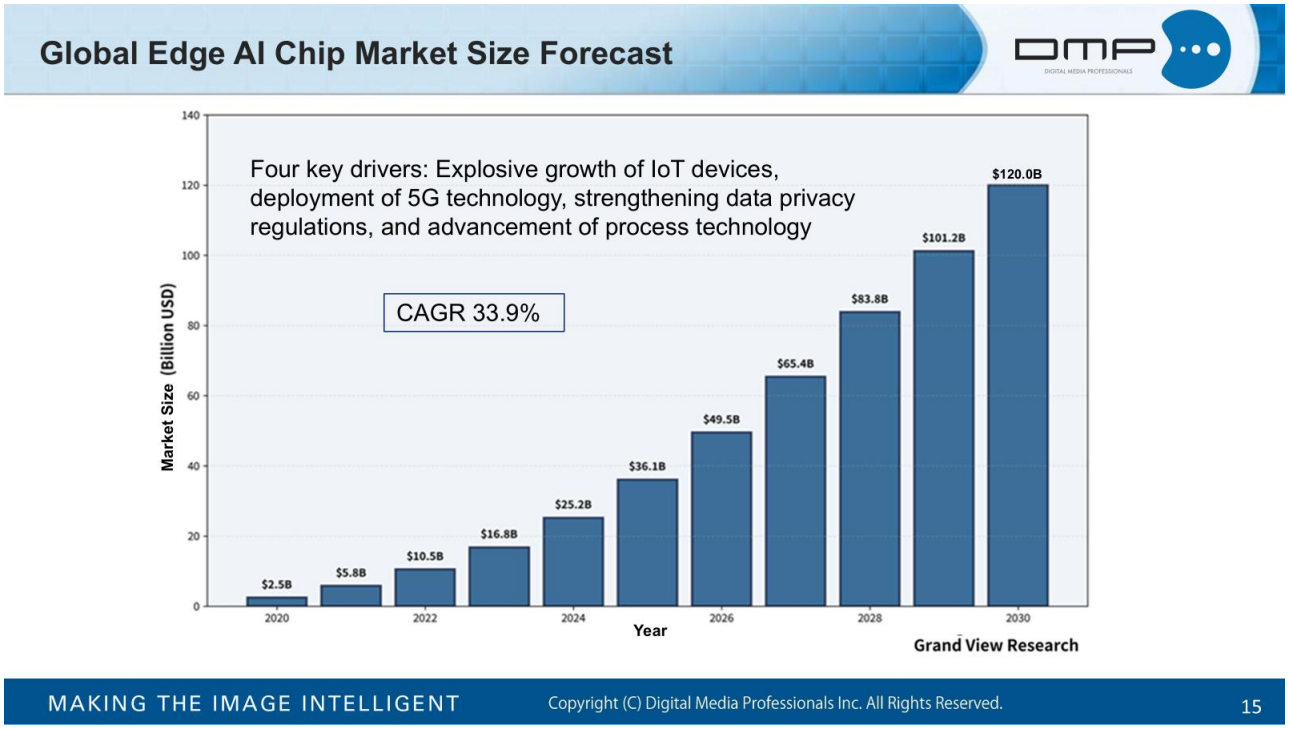


Yamamoto: Here is market environment surrounding us.
The world of AI is moving at a very fast pace; the situation changes every three to six months. Within this context, I have highlighted a few keywords relevant to our company.
From the left:
Multimodal AI: This refers to AI's ability to understand and generate not only text but also images, audio, and multiple data types. This field has expanded significantly, especially in the last three years since the emergence of ChatGPT.
Agent AI: This involves AI autonomously performing actions and making decisions. For example, AI might analyze customer data, score potential leads, approach prospective customers, make restaurant reservations, or arrange travel. This field has evolved rapidly, likely within the last year.
Physical AI: This is a crucial keyword. It refers to technology where AI autonomously operates robots to perform various complex tasks. The term "Physical AI" distinctly emerged, as I recall, during NVIDIA CEO Jensen Huang’s keynote speech at CES in January this year. Recently, Masayoshi Son of SoftBank has also echoed this, emphatically stating that the era of Physical AI is coming. For example, SoftBank's recent acquisition of ABB, a major Swiss robotics manufacturer, aligns with this Physical AI trend. DMP actually invested in Cambrian, a UK company, in 2021. Cambrian is developing precisely such a Physical AI system, integrating AI, digital twin simulation technology, and game engines. By equipping robots with cameras, they can perform highly complex tasks that robots traditionally struggled with, such as grasping transparent objects or handling cables. Therefore, this is a field that DMP has been engaged in for several years.
Edge AI and Hybrid Computing: This is a recent and very hot area. As I will explain further on

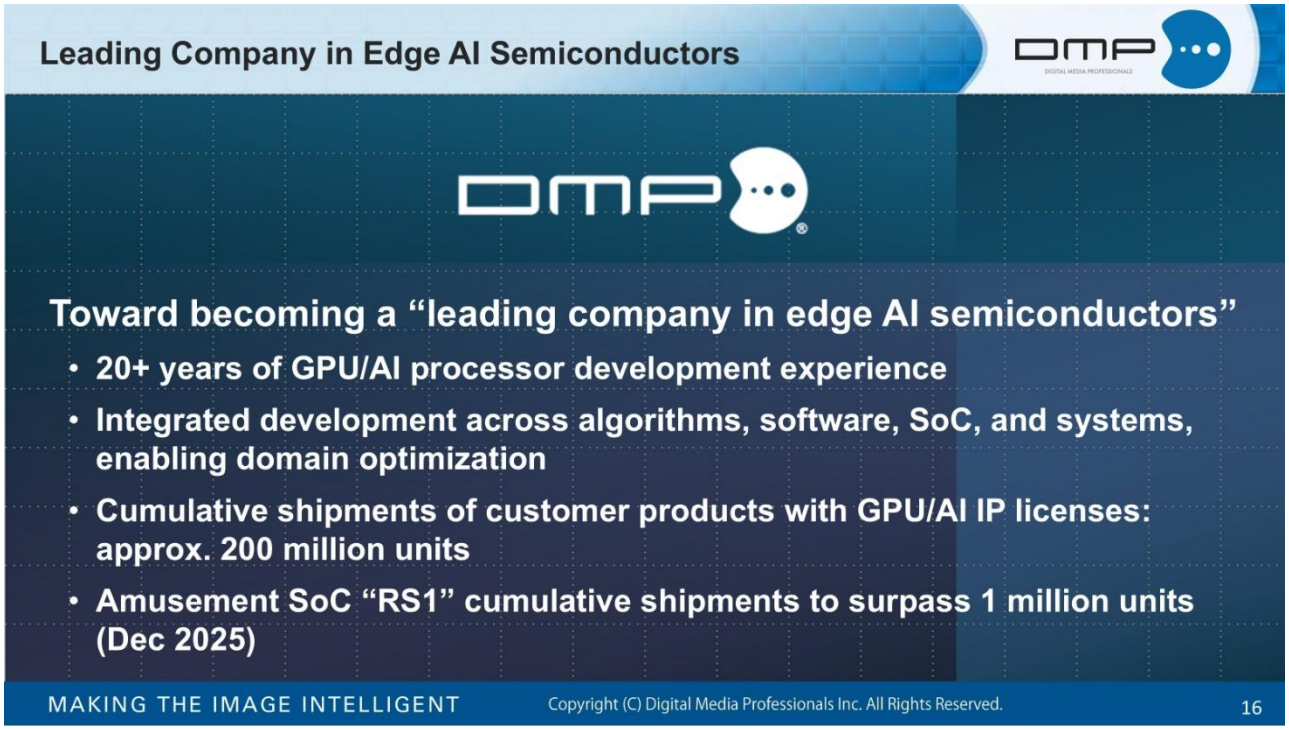
the next page, Edge AI traditionally involved training in the cloud and inference at the edge. However, there is now a trend towards performing training simultaneously on the edge side. This allows AI models to be tuned or re-trained according to on-site tasks, leading to more sophisticated inference. In this regard, we are announcing today that DMP will begin selling NVIDIA products. I will elaborate on this shortly.



Yamamoto: The slide illustrates what I just mentioned. On the left, there's the cloud for training and inference. On the right, the edge side primarily performs inference. We understand that this inference realm has exploded in growth due to multimodal technology—where robots and vehicles can understand not only text but also images, videos, and audio, enabling them to perform various tasks. Furthermore, with hybrid computing technology, as I mentioned, training can also occur on the edge side. This means, for instance, a humanoid robot can perform re-training to tune itself to the on-site environment, enabling even more sophisticated tasks. The same applies to autonomous driving, which is expected to further drive the growth of the Edge AI market.

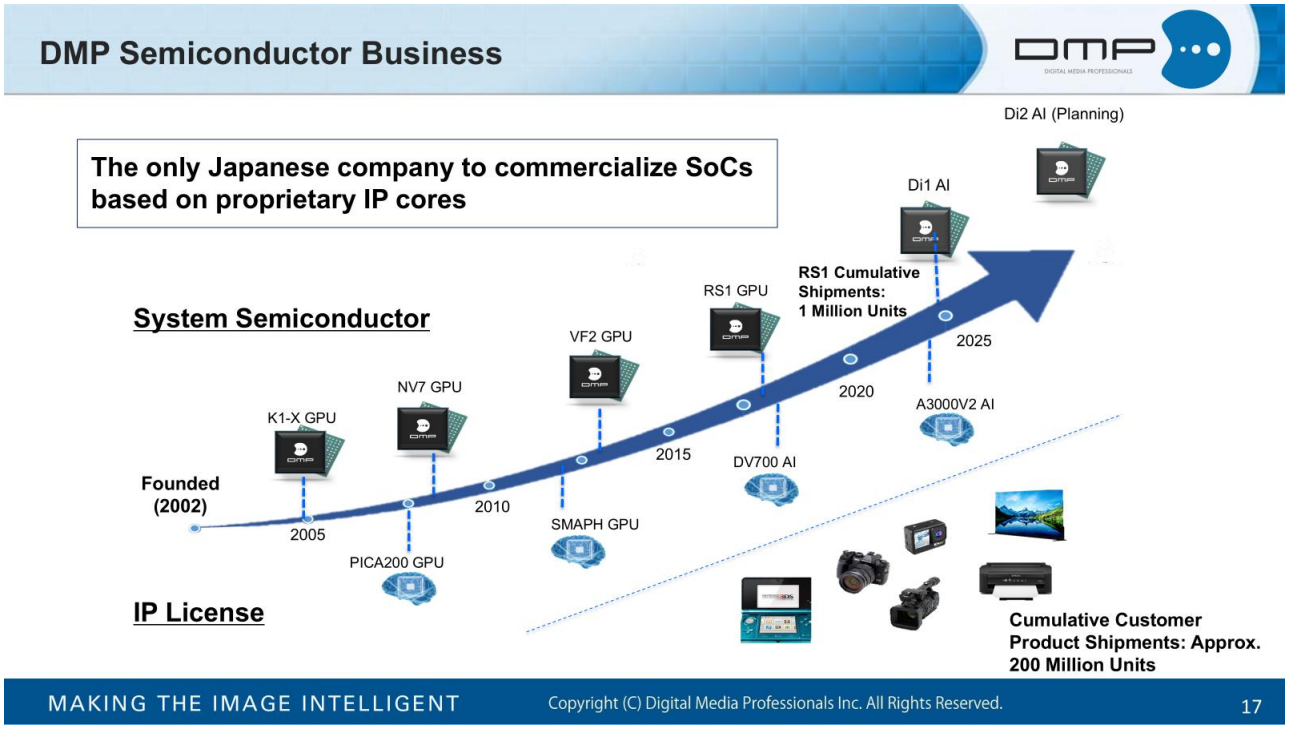


Yamamoto: This chart shows the projected market size for Edge AI chips, with a CAGR (Compound Annual Growth Rate) exceeding 30% until 2030. Key drivers for this growth include the explosive increase in IoT devices, the deployment of 5G/6G technologies, and the movement towards solving data privacy and security issues by performing AI at the edge. The Physical AI and Hybrid Computing trends I just mentioned are expected to accelerate this growth even further.

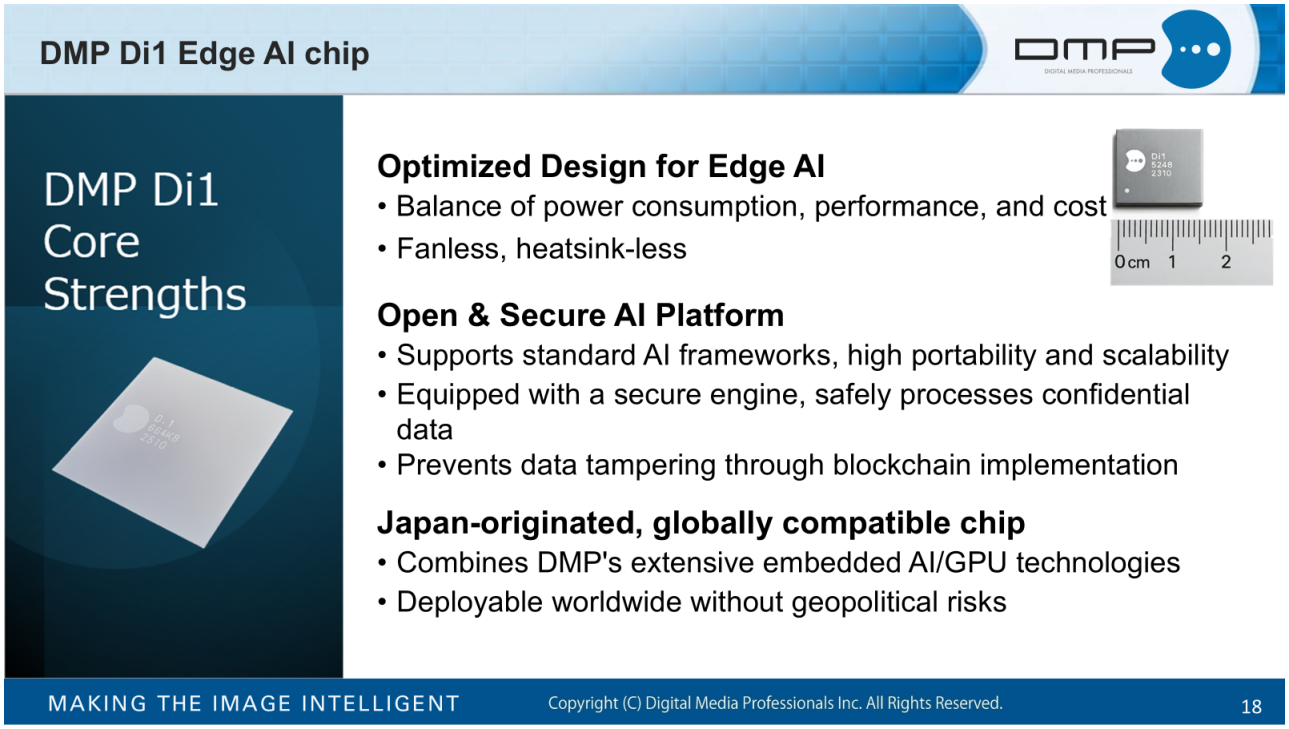


Yamamoto: DMP aims to be a leading company in the Edge AI semiconductor market by deploying our Edge AI semiconductors right at its core.
With over 20 years of experience in GPU/AI processor development, cumulative shipments of customer products featuring DMP's GPU/AI IP, built upon this development experience and a

fully integrated development process for domain-optimized algorithms, software, SoCs, and systems, have reached approximately 200 million units. Furthermore, our current flagship product, the SoC for amusement, is projected to surpass 1 million cumulative shipments. Building on these achievements, we aspire to become a leader in the Edge AI semiconductor business.



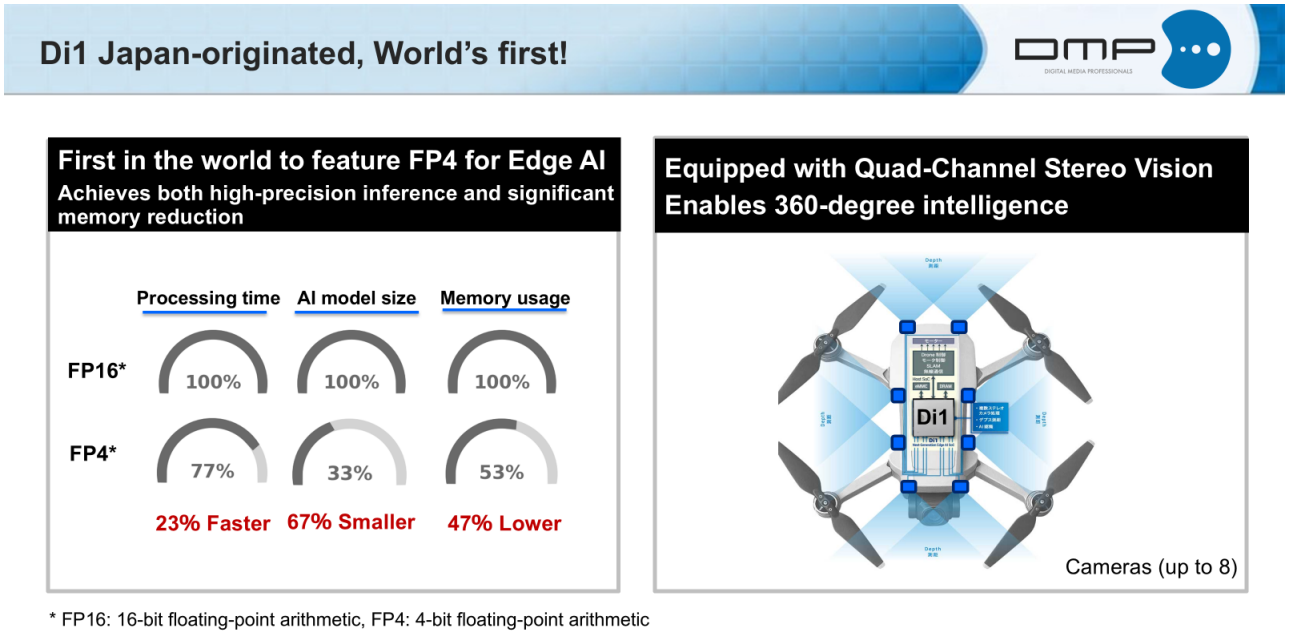
Yamamoto: This slide illustrates our semiconductor business along a timeline. DMP is the only domestic company that commercializes AI SoCs based on its proprietary IP cores. Since our founding, we have continuously developed semiconductors. Our "RS1," the fourth from the left, now holds the top share in the amusement industry (pachislot) and is expected to achieve 1 million cumulative shipments soon. We are currently developing "Di1," an AI semiconductor, and have a roadmap to continue with "Di2" (tentative name) and beyond. Additionally, the core of these semiconductors, our GPU IPs and AI IPs, are licensed to semiconductor and OEM customers through our IP license business. These IPs have been adopted in numerous products, including Nintendo's game console. The countable number of customer products integrated with our IPs is approximately 750, with cumulative shipments reaching 200 million units.



Yamamoto: DMP's Di1 is designed to optimize the balance of power consumption, performance, and cost for Edge AI. Its low power consumption allows for total system cost reduction by eliminating the need for fans or heatsinks. It supports ONNX (Open Neural Network Exchange), a global standard AI framework on an open and secure AI platform, ensuring high portability and scalability. Furthermore, with an advanced security engine, it can securely process confidential data, and blockchain implementation prevents data tampering.

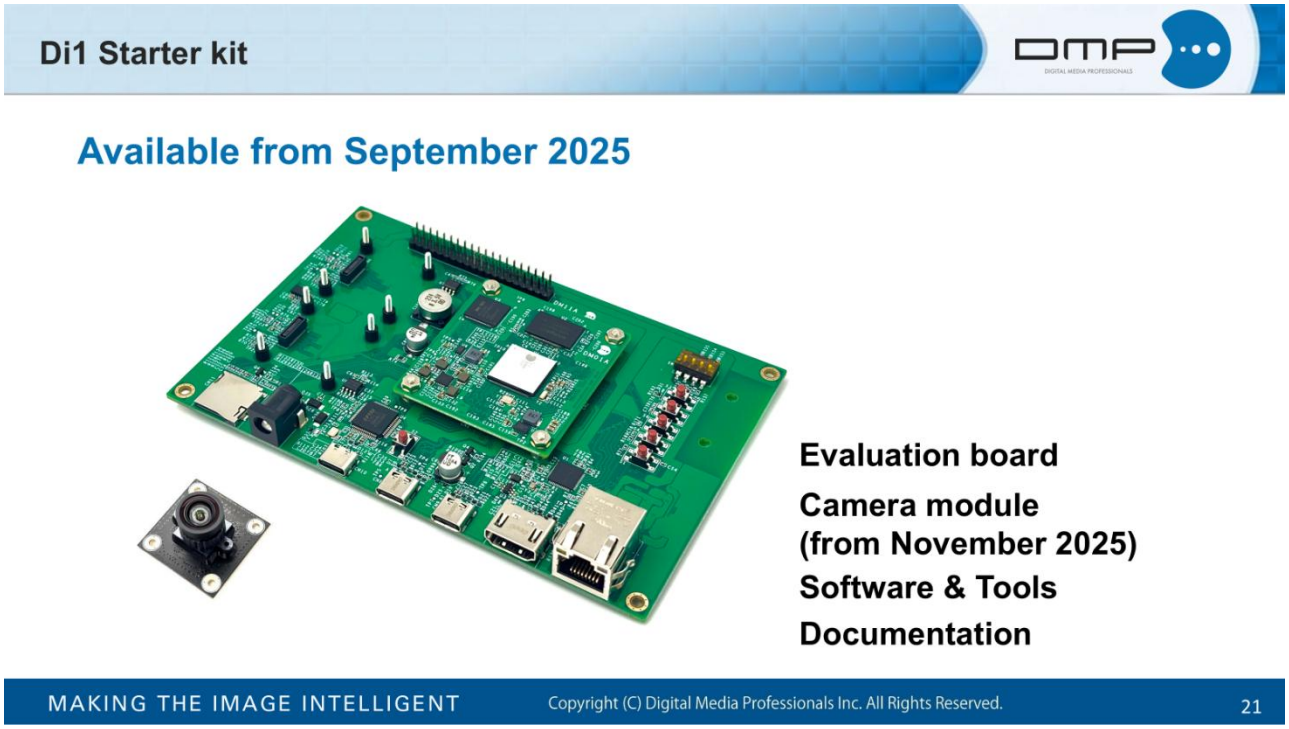
From a geopolitical perspective, Di1, a Japan-originated and Japan-made chip embodying DMP's technologies, can be deployed globally without geopolitical risks. For example, Japanese customers express strong demand for domestically produced AI chips due to security concerns. In overseas markets like India, there's an accelerating movement to replace Chinese-made components with alternatives or promote domestic production due to geopolitical issues with China. In this context, Japan-made products are highly welcomed. Therefore, we believe Di1 is a very marketable and user-friendly chip for customers.

Yamamoto: We are expanding Di1 sales into markets such as Automotive, AMR/Robotics, Smart Factory (FA), Drone, Signage, Retail, Security, and Smart Cities.



Yamamoto: One key feature of this chip is its world-first implementation of FP4 technology for Edge AI. This FP4 (4-bit floating-point arithmetic) technology, when implemented, speeds up processing by over 20% compared to conventional FP16 (16-bit floating-point arithmetic) and reduces AI model size by nearly 70%. It also reduces memory usage by over 40%, enabling highly accurate AI execution with extremely lightweight models and short processing times. While NVIDIA incorporated FP4 into its latest Blackwell AI processor in March last year, DMP is the first in the world to implement this technology in an inference chip. This allows for high-precision computation and efficient, lightweight AI to run with high accuracy. The strong

compatibility with NVIDIA's FP4 and FP16 means seamless integration for training on NVIDIA and inference on DMP's Di1, making it truly a "Blackwell Ready" inference chip.
Another feature is the Quad Channel Stereo Vision (360-degree Intelligence) on the right. Di1 can connect up to eight cameras simultaneously and configure these eight cameras as four stereo pairs, enabling 360-degree obstacle detection in four directions. For instance, when mounted on a drone, simply installing Di1 can create an extremely reliable, collision-avoiding drone. This has garnered significant interest from drone manufacturers.



Yamamoto: The Di1 starter (development) kit has been available since September of this year, and DMP-made camera modules that can be integrated with it are available starting this month.

EdgeTech+ AWARD 2025
DMP Di1 won Edge Technology Excellence Prize

Edge Technology Excellence Prize

CG-05 Digital Media Professionals

Edge AI Next Generation Camera SoC Di1

World's First FP4 Support Accelerates AI Development with ViT and Stereo Vision Technology

Di1 is an edge AI SoC that integrates advanced functions—previously achievable only with expensive SoCs—into a single chip. Its world-first FP4-capable NPU efficiently processes advanced AI models like VLM/LLM at the edge with high power efficiency and low cost. It delivers 1.9 times higher AI processing performance compared to standard INT8 while reducing memory usage by 40%. Its proprietary stereo vision engine achieves high-speed 3D ranging with a power-performance ratio 22 times better than competitors, eliminating the need for heat dissipation components and significantly reducing cost and weight. Combined with a 4K HDR ISP and AI, it delivers high-speed, low-power 3D spatial visual recognition and AI processing essential for drones and robotics. With rich I/O and robust security, it accelerates the evolution of diverse edge AI applications including security cameras, automotive ADAS, and AMR.

Remarks

This product is a camera system-on-chip (SoC) integrating AI processing capabilities, characterized by its design specifically targeting deployment in mobility devices like drones. It enables simultaneous edge processing of 360-degree views from four directions, completing analysis on the device without transferring video data to the cloud or external servers. This architecture achieves improved real-time performance and reduced communication load. EdgeTech+ Award Committee highly evaluated this product as a representative device advancing the practical application of edge AI technology. It recognized the value in accurately capturing trends and providing an environment where anyone can easily benefit from edge AI. Particularly, demand expansion is anticipated across diverse application fields such as drones and surveillance cameras, and it is considered to play a significant role in future market development.

Yamamoto: From November 19, we will exhibit Di1 at EdgeTech+, Japan's largest embedded systems exhibition, at Tokyo Big Sight. Prior to this, Di1 received the Edge Technology Excellence Prize as the EdgeTech+ Award 2025. We understand it was selected from approximately 50 products, with its FP4 and stereo vision features highly evaluated, leading to this recognition.

Event

DMP Edge AI Solution Seminar Held (September 10)

"Making the Image Intelligent Together"
- Creating New Value through the Integration of Latest Edge AI and Image Sensors -

- Attendees: 197
- Satisfaction rate: 97.4%
- Speakers included SoftBank, Amazon.
- Many attendees from set manufacturers, software vendors, and trading companies

Yamamoto: As an event, we held the DMP Edge AI Solution Seminar in September, attended by approximately 200 customers, including set manufacturers, software vendors, trading companies, and various industry players. With presentations from companies like SoftBank, understanding of Di1 deepened significantly, and we received feedback indicating high satisfaction.

Yamamoto: Next, Di1's GTM (Go-To-Market) strategy. Given resource constraints, we are scaling from high-growth markets. In addition to Japan, our Taiwanese partner, iCatch Technology, is promoting and selling Di1 under the product name "V9" in Taiwan, South Korea, and other international markets. We are also building partnerships and channels in the high-growth Indian market. India's growth rate for surveillance cameras and drones is projected to be the highest globally. This is due to factors like the replacement of Chinese-made cameras and components necessitated by geopolitical issues between India and China, and a national push for localized production. We have received very positive feedback regarding the usability of Japan-made components as alternatives to Chinese ones. I visited India in August, spoke with OEMs, ODMs, design houses, and distributors, and felt strong potential in this market, concluding that now is the optimal time to enter. We are committing our resources to this market starting this month. We plan to sequentially develop other markets as well.

"Vision-LLM Insight" Service Launched on September 8

By fusing LLM inference engines with vision AI, it detects “early signs of potential risks” with high precision—enabling preventive actions that were difficult with conventional systems.

Safety

Analyze the root causes of near-miss incidents at the “why” level, capture precursors to accidents, and implement data-driven, substantive safety measures and training.

Remote

From massive video data, AI extracts and summarizes only critical incidents. Managers can focus on what matters and make faster decisions.

Develop and deliver custom AI models tailored to solving customer challenges.

Yamamoto: Moving beyond Di1, I'd like to talk about other topics. In September, we launched Vision LLM Insight, a new safety-focused software platform. By fusing generative AI and vision AI technologies, it can detect precursors to potential risks that traditional vision AI alone struggled with, thereby building safer systems. For instance, in areas like DMS (Driver Monitoring System) and ADAS, which we have long developed with DENSO TEN, it allows for fundamental safety measures based on data, moving beyond simply capturing incidents to understanding why they occurred and predicting accidents. Furthermore, by extracting only critical events from vast amounts of remote camera data and grasping only what is essential, rapid decision-making becomes possible.

LLM-Powered Behavior Detection: Facility Management

The skateboarder detection system developed with Nishio Rent All Co., Ltd. is now operational in Sakishima, Osaka, contributing to damage prevention.
Leveraging AWS has enabled rapid access to the latest LLMs, allowing for early practical application of high-precision recognition.

Yamamoto: For example, this year, we developed a skateboarder detection system with

Nishio Rent All, which is already operational in Osaka. By combining generative AI and vision AI, highly accurate detection of nuisance skateboarders is possible. We hear that it is a very effective solution for issues such as building damage and noise.

Yamamoto: Now, let me talk about our announcement regarding hybrid computing, which I touched upon earlier. Aetina, a Taiwanese company, is an NVIDIA Elite Partner, the highest level of partnership within NVIDIA, manufacturing various products using NVIDIA chips. Today's announcement is that DMP has signed a distribution agreement to sell these products, particularly NVIDIA's Edge AI products, in Japan. This will enable advanced computing at the edge side, specifically training and re-training, as I mentioned earlier. As depicted in the bottom-left illustration, by placing Di1 chips connected to numerous cameras in a factory setting alongside several NVIDIA AI devices, we can provide customers with a highly advanced Edge AI environment on a turnkey basis, where not only inference but also training occurs simultaneously.

On the right, there are use cases. In the example of surveillance cameras, by installing dozens or hundreds of Di1s in cameras placed throughout a factory, along with a few NVIDIA AI devices at the edge, Di1 can detect anomalous behavior using VLM (Vision Language Model) and ensure privacy. Concurrently, the NVIDIA devices installed at the edge can use generative AI for advanced summarization and enable off-peak training (e.g., tuning training models to the specific environmental and operational context during factory downtime at night). This synergy will achieve more precise and complex tasks. In essence, it allows for the construction of a system where DMP's Di1 and NVIDIA's systems work cooperatively and complementarily.

Medium-term Vision (Three-pronged Growth Strategy)

Expansion into Growth Area: Edge AI Semiconductor Business

Leveraging the strengths and expertise cultivated in our core business to expand into new semiconductor business area
Expanding adoption in high-growth markets such as mobility, smart factories, drones, and smart cameras

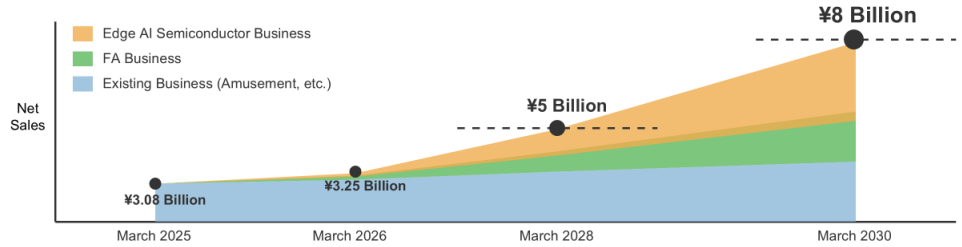
Long-term Enhancement of Corporate Value

Acquisition of New Business Opportunities: FA (Factory Automation) Business

Leveraging the industry network established through Cambrian Vision System business
Contributing to solving social issues in Japan by further advancing the smartification of robotics, factory automation, and logistics automation

Further Growth of Core Business: Amusement Business

Enhancing profitability through increased added value by integrating peripheral businesses and cost reduction



Yamamoto: This is our mid-term vision. Our three-pronged growth strategy involves: First, strengthening profitability in our core amusement business through further growth, integration of peripheral businesses, and cost reduction. Second, accelerating growth by expanding our new semiconductor business—leveraging the strengths and expertise cultivated in the core business—into growth areas through the Di1 business. Additionally, although we didn't have time to talk about it today, the third pillar involves pursuing FA business using external FA products as a new field and business. By growing these three businesses organically and interrelated as a trinity, we will enhance our medium-to-long-term corporate value. Quantitatively, we target sales of approximately 5 billion yen by FY2028/3 and 8 billion yen by FY2030/3.

This concludes my presentation. Thank you very much for your attention.

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[Q＆A]

Q1: Cumulative Q2 revenue progress rate is 28%, with an operating loss of 300 million yen. Please explain the rationale for maintaining the full-year forecast and the reasons for anticipating recovery in the second half.
A1: The weakness in the amusement field during the interim period is due to a temporary factor: the low approval rate for pachislot machines by the SECTA. We anticipate a recovery in RS1 mass production shipments in the second half, as major titles from amusement machine manufacturers, including Sammy Corporation, are scheduled for release. Furthermore, titles currently non-compliant can still meet the March release if they achieve compliance by December. Therefore, we anticipate a recovery in mass production shipments of RS1.

Q2: The Professional service business is underperforming. Is recovery expected?
A2: The primary reason for the low performance was insufficient revenue from professional services for advanced driver-assistance systems. However, projects leveraging LLMs are progressing, and we expect an increase in broader safety-related services through Vision-LLM Insight. Furthermore, services for semiconductor manufacturing equipment will continue, and we aim for overall recovery in this field.

Q3: Please update on Di1 sales expansion efforts.
A3: We cannot disclose specific customers or details at this stage. However, concrete projects involving surveillance cameras, drones, and other applications are progressing both domestically and internationally, with customers evaluating Di1 using evaluation boards and development kits. As explained in our GTM strategy, iCatch is selling it as "V9" in Taiwan and other regions, and we are establishing channels in India, a market with high growth potential.

Q4: What aspects of Di1 are difficult for competitors, both domestic and international, to imitate?
A4: The implementation of FP4, a major feature of Di1, fully leverages our long-cultivated development capabilities in GPU design, including arithmetic units. Given that many competitor products rely on integer arithmetic, this is a significant advantage. Our stereo vision capabilities are also a result of our extensive experience in image processing, making it difficult for others to catch up quickly. Furthermore, the ISP (Image Signal Processor) co-developed with iCatch, which integrates with stereo vision technologies, also offers considerable competitiveness. Beyond individual technologies, the overall balance of how these components are integrated provides strong competitive edge for the chip. Di1 achieves an excellent balance of power, performance, and cost. Not only does it offer chip-level advantages of low cost and high performance, but considering the overall system cost achieved through fanless and heatsink-less designs, it has become a highly competitive product, and we believe our advantage is sustainable.

Q5: Regarding the geopolitical risk mentioned earlier, where is Di1 manufactured?
A5: Manufacturing takes place in Taiwan. In that respect, the inherent geopolitical risk from sourcing from Taiwan is similar to that of other semiconductor products.

Q6: What will be the unit selling price and profit margin for Di1 during mass production?
A6: We are currently in the business development phase, and due to the presence of competitors, we refrain from providing this information.

Q7: What is the market share for RS1? Also, you previously mentioned there were about four competitors; what is the current situation?
A7: While it fluctuates depending on the timing and scale of hit titles, we believe we hold the No. 1 share in the pachislot market. Regarding competitors, we now see the market narrowing to two main players: DMP and Axell.

Q8: Can Di1 revenue be understood as unit price multiplied by quantity?
A8: Generally, yes, that understanding is correct. However, we also anticipate additional revenue from related customer support and other services.

End