
V I S U A L I Z E T H E F U T U R E



Fiscal Year Ended March 31, 2021

Results Briefing

Digital Media Professionals Inc.

May 19, 2021

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**Financial Results and Progress of Initiatives,
Fiscal Year Ended March 31, 2021**

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**Business Environment and Forecast,
Fiscal Year Ending March 31, 2022**

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Medium-term Business Plan

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Medium-term Business Plan

Results Highlights: P/L

- Although sales in the LSI product business (image processor RS1 for amusement and AI FPGA modules) increased, sales in the IP core license business and professional service business decreased due to the impact of restraint and postponement of development investment and development projects by some customers, mainly due to the COVID-19 and the absence of the large-scale GPU IP project recorded in the previous year
- Operating income, ordinary income, and net income posted significant losses due to the decline in sales, especially in the high-margin IP core license business

(Unit: million yen)	FY March 2020 (non-consolidated)	FY March 2021 (consolidated)
Net sales	1,328	1,009
Operating income	82	△ 425
Ordinary income	85	△ 361
Net income	65	△ 364

Note) 1. Shifted to a consolidated accounting system due to the start of business at the subsidiary in Vietnam (unable to simply compare figures with those in the previous year)

(However, sales of the subsidiary in Vietnam are currently design service income only to the headquarters with no external sales)

2. Net income for the fiscal year ended March 2021 is the net income attributable to owners of the parent

Results Highlights: Net Sales by Business

IP core license business

Sales ¥144 million

Same period last year
(non-consolidated) ¥380 million

- Won new/upgraded AI licenses for robotics, etc., recorded running royalty and subscription income for AI-based safe driving assistance
- Large-scale GPU IP project booked in Q4 previous year stripped away
- Impacts of temporary restraint and suspension of development investment / project by some customers

LSI product business

Sales ¥658 million

Same period last year
(non-consolidated) ¥553 million

- Recorded sales of “RS1” for volume production and “ZIA™ C3” AI FPGA modules including mass production for business vehicles

Professional services business

Sales ¥206 million

Same period last year
(non-consolidated) ¥394 million

- Recorded commissioned revenue from NEDO’s “AI Edge Contest” and sales of AI-related contract development service for safe driving support and robotics
- Impacts of temporary restraint and suspension of development investment / project by some customers

Equity ratio remains high at 93.5%

Continued to secure funds for working capital and investments for enhancement of R&D structure

(Unit: million yen)		End of March 2020 (Non-consolidated)	End of March 2021 (Consolidated)	Major breakdown
	Current assets	3,077	2,736	Cash & deposits 2,066, Securities 345 Accounts receivable - trade 157
	Non-current assets	763	740	Investment securities 500 Software 104
Total assets		3,841	3,477	
	Current liabilities	279	208	Accounts payable - trade 132
	Non-current liabilities	18	18	Asset retirement obligation 17
Total liabilities		298	227	
Total net assets		3,543	3,250	Capital stock 1,838, Capital surplus 1,858 Retained earnings -440
Total liabilities and net assets		3,841	3,477	

Fiscal Year Ended March 31, 2021: Progress of Initiatives

Robotics

Enhanced the technology and product portfolio of robotic vehicles and collaborative robots, and implemented market development by leveraging the ecosystem

● Development and provision of ZIA™ SLAM and ZIA™ MOVE

- Contribute to higher performance and lower costs of customer devices with high-precision Visual SLAM* using cameras less expensive than LiDAR
- Developed ZIA™ MOVE, an integrated software platform for automatic and autonomous driving that includes ZIA™ SLAM and is fully equipped with the functions required for robotic vehicles

● Capital and business alliance with Cambrian

- Capital participation in Cambrian Inc, a vision system manufacturer for collaborative robot arm
- Strengthen the portfolio and expand business of robotics through exclusive distribution of products in Japan and joint development of technology and products

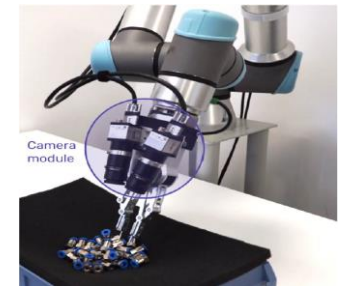
● Joined NVIDIA's "NVIDIA Partner Network" as a professional service partner

Expand customer base through NVIDIA's ecosystem and accelerate and strengthen the business by contributing to early development and market launch of customers' robotics products

● Collaboration with Yamaha Motor

- Continued to work on AI implementation in line with various products roadmaps
- External sales of a high-definition compact embedded monocular camera system, a result of the collaboration, is scheduled to start in Fiscal March 2022

* SLAM: Acronym standing for Simultaneous Localization and Mapping. It refers to estimating self-position and generating a map at the same time



Safe driving assistance

Completed the foundation for business expansion by establishing an integrated edge-to-cloud safe driving assistance system development platform

- Provide safe driving assistance service through collaboration of ZIA™ SAFE and ZIA™ Cloud SAFE

Started providing the industry's first platform for building a safe driving assistance system that integrates edge AI and cloud computing through collaboration of ZIA™ SAFE and ZIA™ Cloud, an Amazon Web Services (AWS)-based SaaS-type safe driving assistance cloud service



- Built up a track record of adoptions by customers

- ZIA™ SAFE has been adopted by JVCKENWOOD for its dashcams for telematics service with communication capabilities (Model number: STZ-DR00), and is utilized for functions such as driving assistance and driver monitoring
- ZIA™ Cloud SAFE has been adopted by DENSO TEN for its dashcams with communication capabilities for corporate customers (G500Lite), for use in identifying near-miss images and for high-precision analysis of "distracted driving" and "drowsy driving"

- Started recurring business

Started recording royalty revenue from Q2 and subscription revenue in 4Q
Full-year contribution from fiscal March 2022

Fiscal Year Ended March 31, 2021: Progress of Initiatives

Other

Built a benchmarking platform to help customers develop AI systems, and continued to collaborate with overseas tech companies

● ZIA™ Showcase

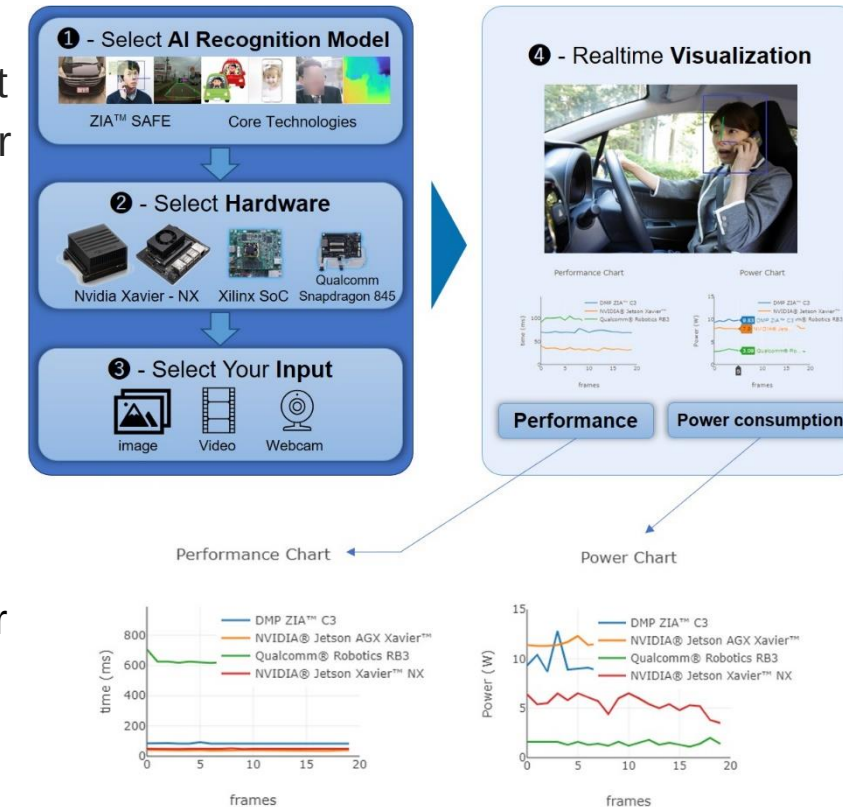
- Platform for demonstration and benchmarking of our latest edge AI recognition models
- Customers can efficiently evaluate and verify the optimal combination of AI recognition model and hardware using their own datasets in an online environment
- Current focus is on ZIA™ SAFE models, with plans to expand to robotics and other

● Collaboration with overseas tech companies

- Collaboration is in progress with France-based Prohese on customer projects related to the development of AI applications using its event-based vision sensors
- Co-developed a new virtual AI sports coach application with France-based GrAI Matter Labs, a pioneer in ultra-low latency computing inspired by the human brain

● Promotion of NEDO business

- Organized the AI Edge Contest as part of “Survey of issues for finding ideas regarding Technology Development for AI Chip and Next generation Computing for High-efficiency and High-speed Processing”
- Worked on subsidized projects on the development of “AI Platform for Artificial Intelligence (AI): An Energy Efficient AI Engine” and “Research and development of AI hardware for AI pathology imaging system for cancer companion diagnostics”



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Medium-term Business Plan

● Japan / World Economy

- The outlook of Japan and the world economy is expected to remain severe due to the prolonged COVID-19 crisis until vaccinations are widespread

● Semiconductor / AI Industry

- In the semiconductor industry, the current excess demand and shortage of supply will continue in the short term, and demand for AI and IoT is expected to grow in the medium term
- Acceleration of innovation and increased AI roles are expected for solving social problems including the declining birthrate and the aging population, the COVID-19, and the climate change

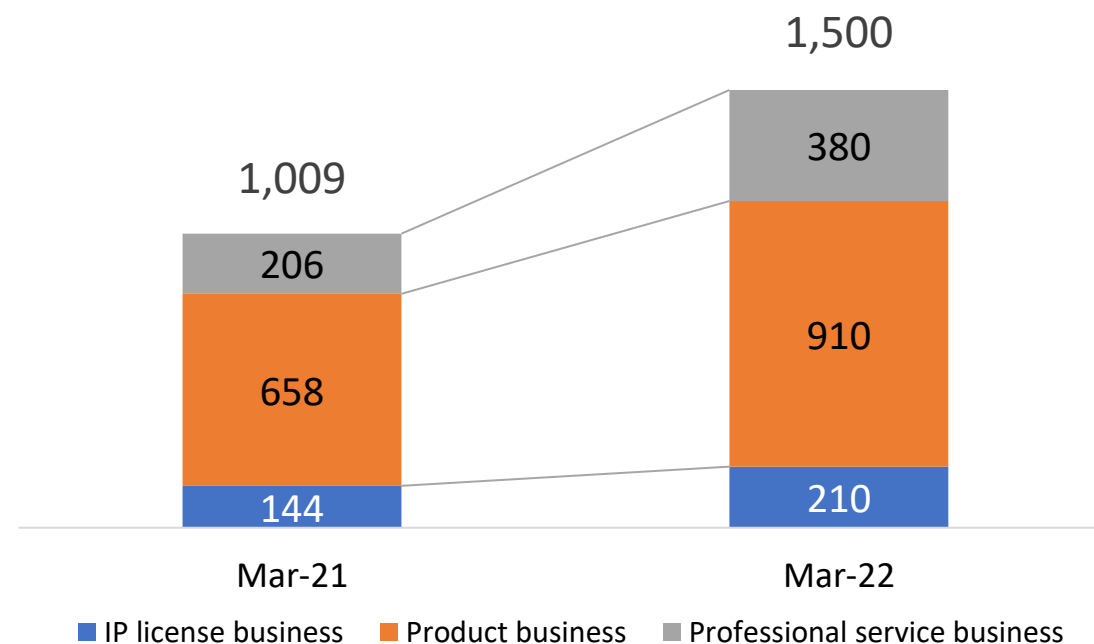
● Amusement Machine Industry

- Machine manufacturers are planning to increase production in preparation for the complete replacement of old regulation machines by new regulation machines by the end of January 2022
- Systematic replacement of machines will continue during the Tokyo Olympics
- Prolonged COVID-19 crisis allows no optimism about occupancy rate and purchase policy of new machines of the halls

Consolidated Business Forecast

- Sales of the RS1 image processor for amusement industry is expected to expand due to the revitalization of the market, but the impact of inventory retention in distribution channels is factored in
- In the safe driving assistance field, the recurring business starts to contribute throughout the year, and the robotics field also expands due to recovery/activation of customers' development investment
- Continue to invest in human resources to strengthen development system for mid-term and sustainable growth

(Unit: million yen)	FY March 2021 (Actual)	FY March 2022 (Forecast)
Net sales	1,009	1,500
Operating income	△425	△ 250
Ordinary income	△361	△ 250
Net income attributable to owners of the parent	△364	△ 252



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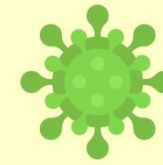
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Medium-term Business Plan

Increasing momentum for society, politics, and the business world to overcome major social and environmental issues such as "declining birthrate and aging population," "COVID-19," and "climate change"



Social and environmental issues



We regard changes in the social environment as opportunities and strive to realize CSV (Creating Shared Value) management, which will enable us to earn profits and increase our corporate value by contributing to the resolution of social and environmental issues.



Fiscal year ended March 2021

Performance deteriorated due to the stagnation of the amusement market and the impact of customers' restrained investment in development caused by the COVID-19



Medium-term business goal

Focus on robotics and safe driving assistance fields and achieve a V-shaped recovery

Net sales ¥2,500M, Operating income ¥200M in FY March 2024

Mega topic

Social & environmental changes / issues

DMP's Initiatives

Declining birthrate
and aging
population

- Declining working population
- Key workers' overwork
- Skill transfer issue
- Increase in elderly car accidents
- Existence of vulnerable road users
- Infrastructure aging

- Contributing to productivity improvement, work efficiency improvement, labor saving to complement and mitigate the decrease in the working population, hard work, and COVID-19 damage by making efforts for automation and autonomy in the field of robotics
- Contributing to real-time accident prevention and safe driving education based on near-miss events by providing safe driving assistance services
- Contributing to MaaS* promotion through autonomous driving technology
- Providing a VR (Virtual Reality) environment for customer development projects
- Contributing to a global low-carbon society by reducing the power consumption of hardware (IP)
- Contributing to infrastructure inspection by utilizing AI image recognition technology

COVID-19

- Progress of remoteization and online
- Digital shift
- Expansion of EC (electronic commerce)
- Decrease in foreign workers

Climate change

- Rise in average temperature due to greenhouse effect
- Increase in natural disasters
- Decrease in agricultural production and food

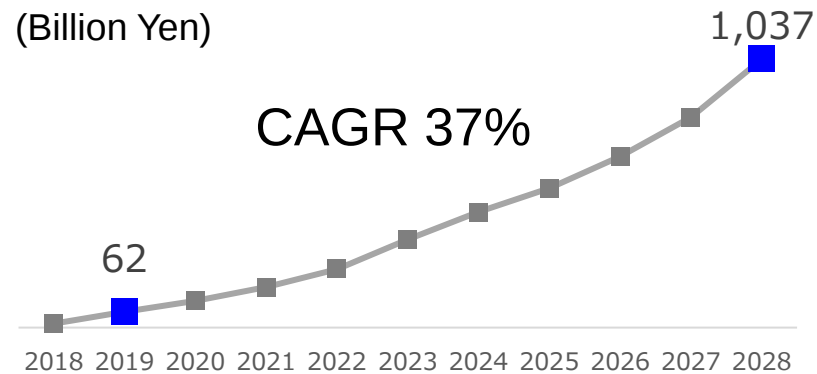
Contribution to SDGs



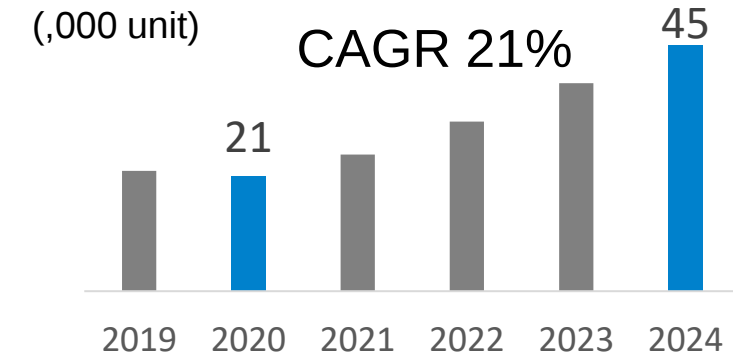
* MaaS: Abbreviation for Mobility as a Service. Next-generation transportation that integrates autonomous driving, AI, open data, etc. and integrates sharing services with conventional transportation and transportation methods

- Robotics and safe driving assistance market show high growth rates
- Although the amusement market continues to decline, it still has a scale of over 1 million units

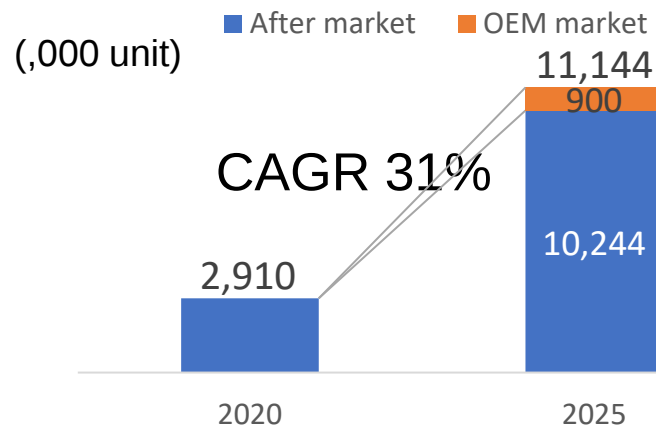
Robotic Vehicle AI Related Computing Hardware Global Market*¹



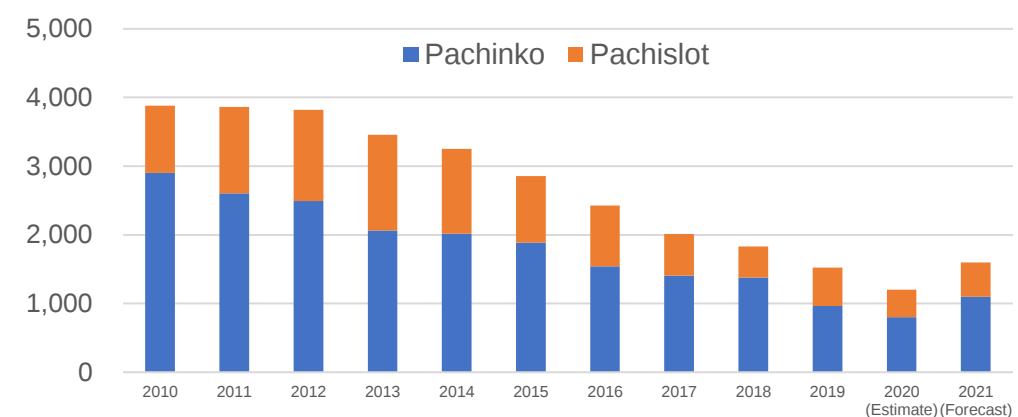
Worldwide shipments of collaborative robots*²



Dashcam with AI / communication function domestic market*³



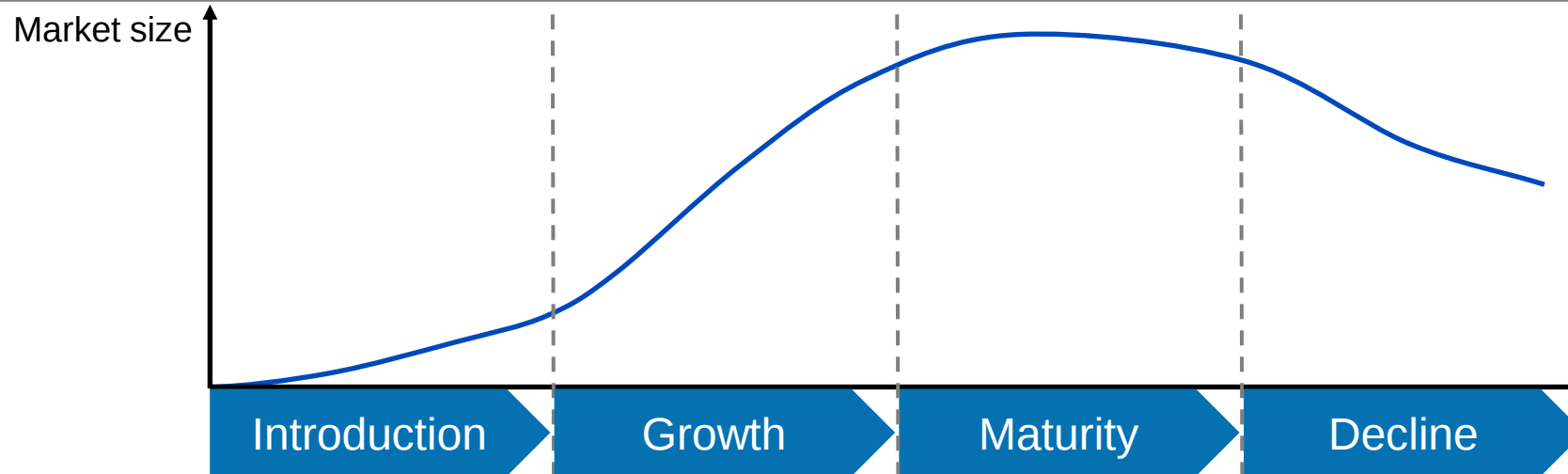
Amusement machine unit sales*⁴



Source: *¹ Yole Développement, *² Global Information, *³ DMP's estimate based on various statistics, *⁴ Yano Research Institute, Estimate and forecast are from Daiwa Securities Report "Amusement Machine Market Outlook," March 30, 2021

Main business market life cycle and basic strategy

- Apply business know-how and business models in the field of safe driving assistance including the recurring business to the growth of the robotics field
- In the amusement field, reaping profit is carried out with the risk of increased market volatility due to COVID-19 in mind

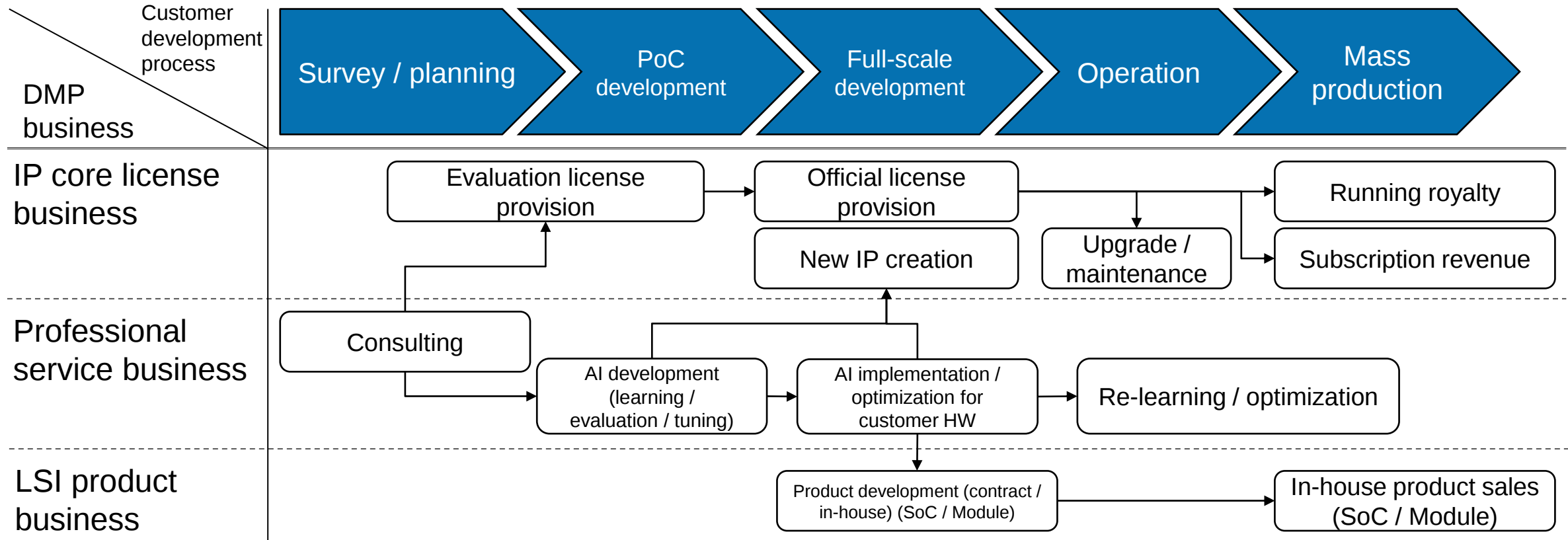


	Introduction	Growth	Maturity	Decline	Basic strategy
Robotics	◎				Maximize full-scale development opportunities from the acquisition of PoC* projects
Safe driving assistance		◎			Expanding the number of customers by enhancing solutions and deepening customer projects
Amusement				◎	Maximize survivor profits by maintaining and improving quality and expanding market share

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

Revenue cycle

- Providing added value and maximizing LTV* (Lifetime Value) of customers over the entire development life cycle (from planning to mass production) of customer products
- By developing and providing standard products and services based on the technology and know-how cultivated in customer projects, we will strive to respond flexibly and quickly to customer development and improve profitability.



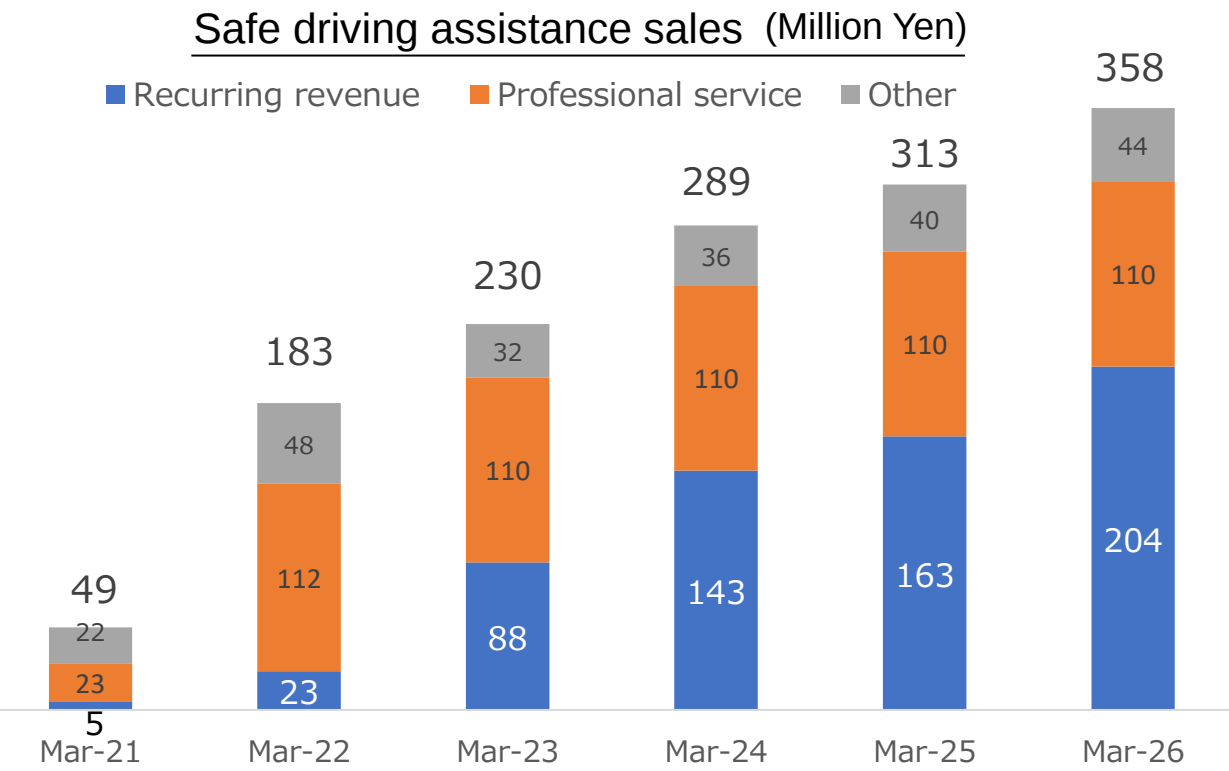
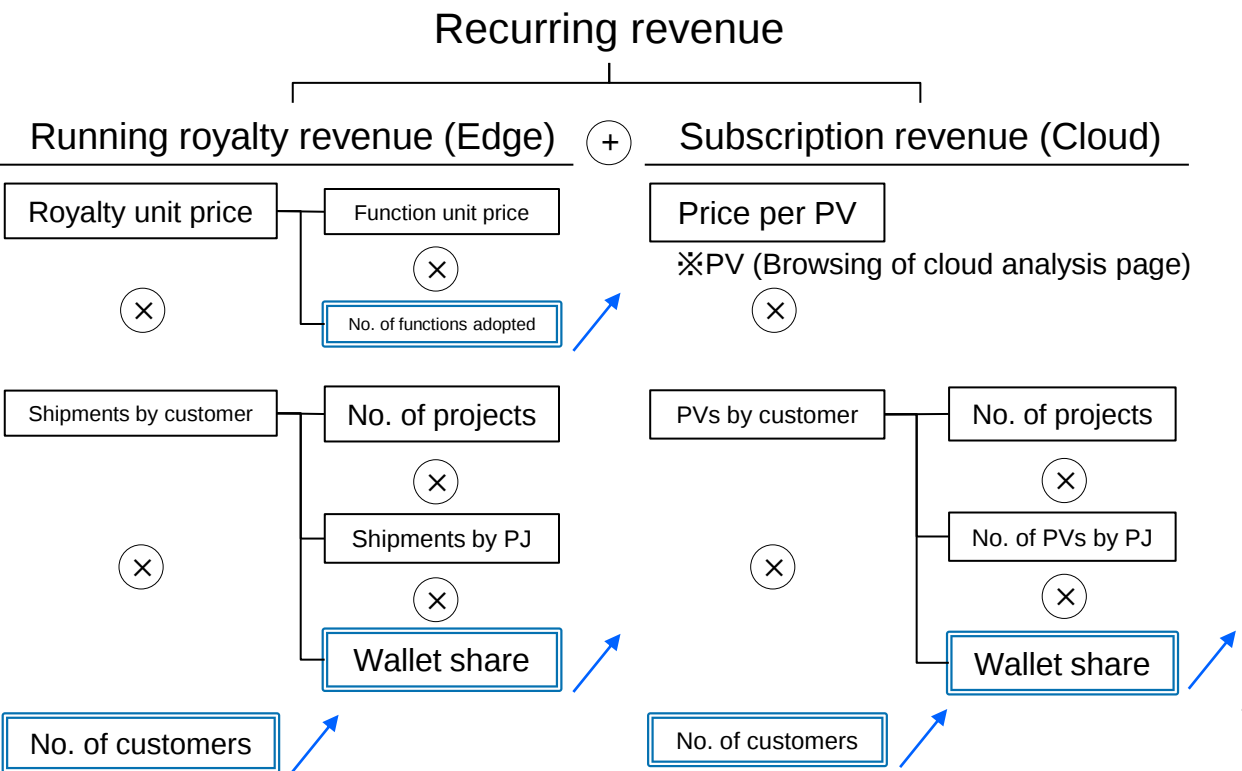
* LTV: Abbreviation for Lifetime Value. The profit earned from the beginning to the end of transactions with a customer (customer lifetime value)

Focus area numerical target

Safe driving assistance



- Flexibly respond to customer needs and secure stable revenue by recurring business
 - Increase the wallet share and the number of customers by improving/adding functions / performance of ZIA SAFE (edge) and ZIA Cloud SAFE (cloud) launched in the fiscal year ended March 2021 (Recurring revenue ratio: 10% for the fiscal year ended March 2021 → 57% for the fiscal year ending March 2026)
- Provide professional services tailored to customer project requirements



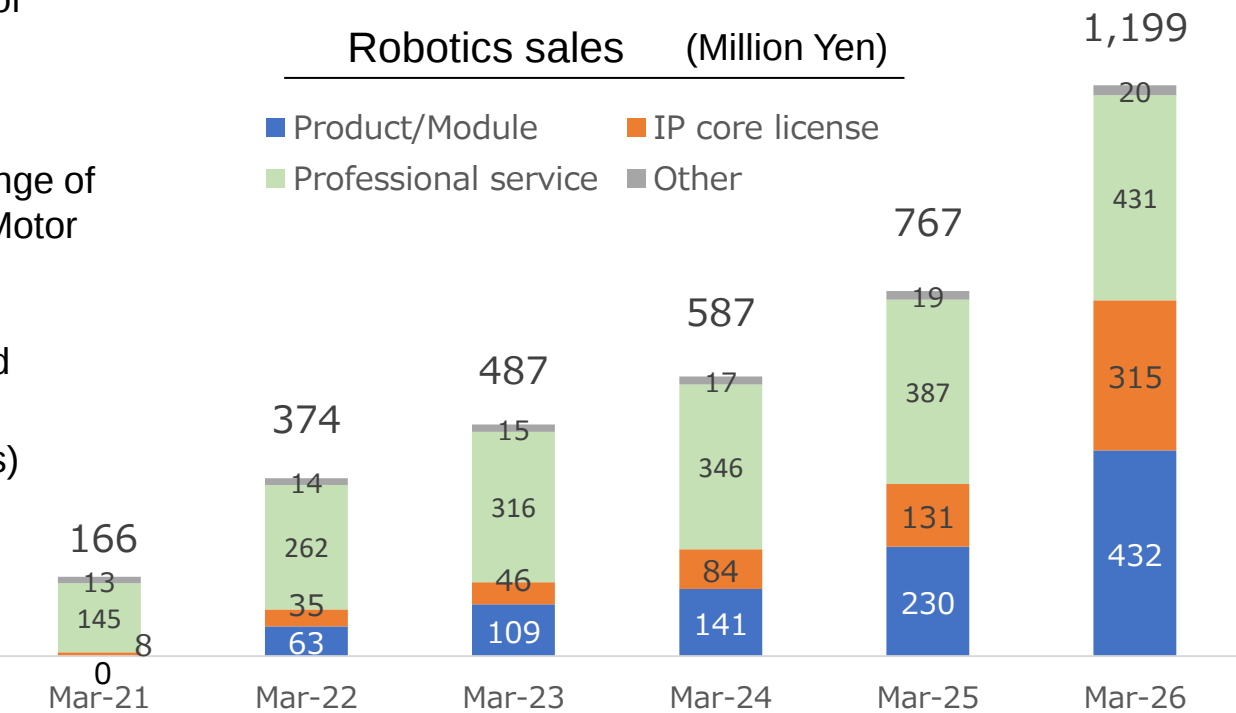
Focus area numerical target

Robotics



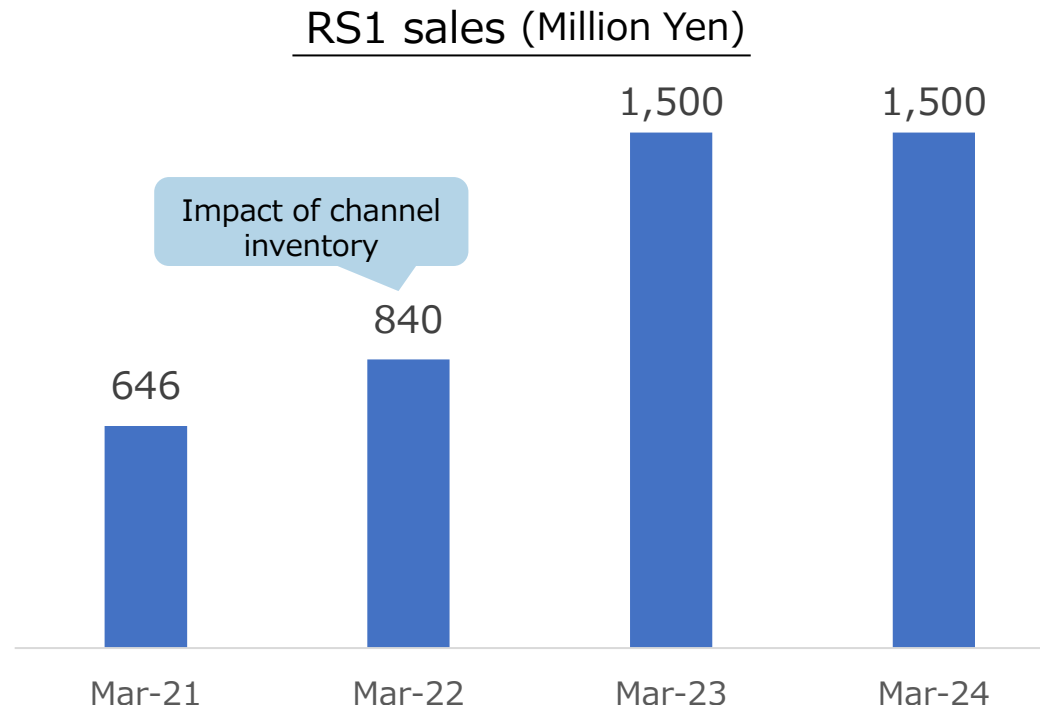
■ Aim for growth that exceeds the market growth rate through total solutions of algorithms, software, and DMP's strength of hardware (CAGR 48% ↔ Domestic robot market* CAGR 19% (FY2020 133.6 billion yen → FY2026 385.8 billion yen)
(There were restraints of customer development investment in FY2020. CAGR for 6 years is 36% from the actual result of 189 million yen in FY2019)

- IP core license
 - Involved in a wide range of customer projects from the PoC development stage by providing functions / performance improvements / new additions and flexible licenses for ZIA MOVE, ZIA SLAM, ZIA ISP, etc.
 - Expect increase in license revenue due to full-scale mass production of customer products from the fiscal year ending March 2025
- Professional service
 - Provide professional services that meet the requirements of a wide range of customer projects in addition to contracted development for Yamaha Motor
- Products / Modules
 - Provide products that contribute to customer product development and productivity improvement (from the fiscal year ending March 2022)
 - Develop and sell high-performance camera system products (modules) that are indispensable for autonomous driving robots including external sales of the results of collaboration with Yamaha Motor
 - Collaborative robot market development with Cambrian vision system



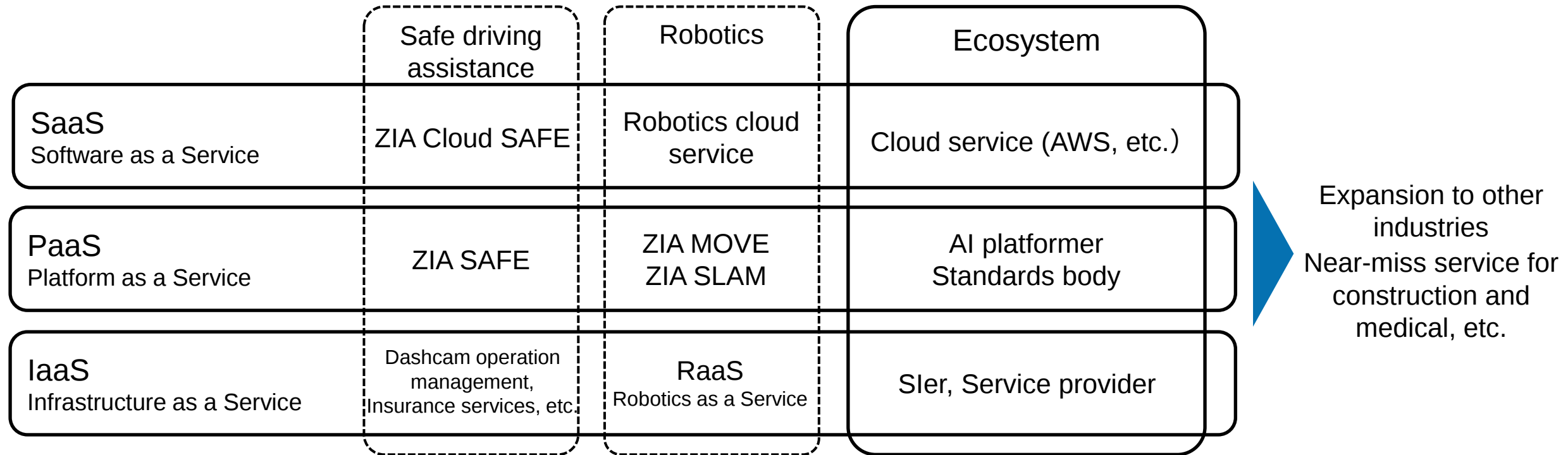
* Source: IT Navigator 2021 Edition, Nomura Research Institute

- RS1 shipments in fiscal March 2022 are expected to be higher than in fiscal March 2021, but the impact of inventory retention in distribution channels is factored in
- Full-scale expansion of adoption in existing customer models and acquisition of new customers are expected in fiscal March 2023 (confirmed)
- While keeping a close eye on market volatility, we will continue to aim to expand our market share and enter new customers in market segments where we can demonstrate the superiority of our unique 2D/3D integrated chips



Towards sustainable growth

- Aim for sustainable organic growth as a platformer that provides XaaS* in the focused areas to a wide range of customers by exerting the network effect through close collaboration with various platformers, service providers and other ecosystems
- Proactively consider non-organic growth through M&As and business alliances that contribute to complementing the competitiveness of our focused business areas



* XaaS: Abbreviation for X as a Service. Providing a variety of things as a service (through the cloud)

Business performance target

- Fiscal year ending March 2022
Net sales are expected to increase due to business expansion in the fields of safe driving assistance and robotics as well as recovery in the amusement business and customer development investment, but operating income is expected to be in the red due to personnel investment related to strengthening the development system for sustainable growth.
- Fiscal year ending March 2024
Targeting **net sales of 2,500 million yen** and **operating income of 200 million yen** through expansion of focused businesses.
- Fiscal year ending March 2026
Targeting **sales of 1,600 million yen or more**, excluding the amusement business and aiming to increase sales further through horizontal development of the XaaS business.

(Million Yen)	March 2021 (Actual)	March 2022 (Forecast)	March 2024 (Target)	CAGR (Mar 21-Mar 24)
Net sales	1,009	1,500	2,500	35%
Operating income	▲425	▲250	200	
Ordinary Income	▲361	▲250	200	

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