

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, 2023, on November 13, 2023. 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.

This document has been translated from the Japanese original for reference purposes.
In the event of any discrepancy between this document and the Japanese original, the latter shall prevail.

MAKING THE IMAGE INTELLIGENT



2nd Quarter ended September 30, 2023

Results Briefing

Digital Media Professionals Inc.

November 13, 2023

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The accuracy of the information therein is not guaranteed.
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- 1 Explanation of Results, 2nd Quarter ended September 30, 2023**
- 2 Full-Year Business Forecast, Fiscal Year Ending March 31, 2024**
- 3 Challenges and Initiatives**

Osawa: Thank you for joining us today for the results briefing of Digital Media Professionals, Inc. for the six months ended September 30, 2023.

Here is today's agenda. I will explain the financial results for the six months ended September 30, 2023, followed by the business forecast for the fiscal year ending March 31, 2024, and then Yamamoto will explain our challenges and initiatives for the second half and beyond.



- 1 **Explanation of Results, 2nd Quarter ended September 30, 2023**
- 2 **Full-Year Business Forecast, Fiscal Year Ending March 31, 2024**
- 3 **Challenges and Initiatives**



Company Profile

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

Company name	Digital Media Professionals Inc. (DMP)
Foundation	July 2002 (Listed on Tokyo Stock Exchange Mothers market in June 2011, Moved to TSE Growth market in April 2022)
Location	Nakano-ku, Tokyo, Japan
Representative	Chairman and CEO: Tatsuo Yamamoto President and COO: Tsuyoshi Osawa
Capital	1,838 million yen
Number of consolidated employees	69 (as of April 1, 2022)
Number of patents	35 cases
Consolidated subsidiary	Digital Media Professionals Vietnam Company Limited

IP core license business

- AI/GPU IP core license
- AI software license



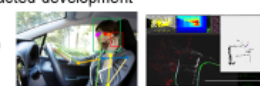
Product business

- Image processing LSI for amusement market
- AI FPGA module
- Vision system for collaborative robot



Professional service business

- AI algorithm/computer vision software contracted development
- FPGA/Board contracted development
- Customer product/service support related to safe driving assistance system and robotics



Osawa: Before I explain our financial results for the six months ended September 30, 2023, 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 we have conducted our business with graphics technology at the core and have achieved significant results, including the

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

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

- Net sales increased 55.8% due to significant growth in product business such as Cambrian vision system in addition to "RS1" image processing semiconductors for the amusement market
- Operating income, ordinary income, and net income attributable to owners of the parent also increased significantly and returned to profitability

Osawa: Here is a P/L summary. Net sales increased significantly by 516 million yen year on year to 1,442 million yen, with a sales growth rate of 55.8%, due to sales expansion in the amusement field and the product business.

Operating income was 134 million yen, up 237 million yen year on year.

Ordinary income was 140 million yen, up 234 million yen year on year, and net income attributable to owners of the parent was 121 million yen, up 216 million yen year on year, resulting in a significant increase in incomes and a return to profitability.

● Sales by business

IP core license business	¥94 million	Same period last year	¥67 million
● Recorded AI/GPU running royalties for digital equipment, recurring revenues in safety/robotics fields, maintenance/support revenues, etc.			
Product business	¥1,301 million	Same period last year	¥798 million
● Recorded sales from volume shipments of RS1 and Cambrian Vision Systems			
Professional service business	¥46 million	Same period last year	¥59 million
● Recorded revenues from AI/GPU contracted development services			
● R&D for robotics customers is in a transitional phase, resulting in a temporary decrease in projects			

● Sales by field

Safety field	¥34 million	Same period last year	¥49 million
● Recorded recurring revenues (running royalties and subscription fees), maintenance/support revenues related to dashcams, and professional service revenue			
Robotics field	¥69 million	Same period last year	¥31 million
● Recorded sales of products such as Cambrian Vision Systems and professional services			
Amusement field	¥1,257 million	Same period last year	¥789 million
● Recorded sales of RS1 for mass production			
Other	¥80 million	Same period last year	¥55 million
● Recorded AI/GPU running royalties and maintenance/support revenues for digital equipment			

Osawa: Here are sales by business and field.

In the IP core license business, net sales were 94 million yen, up 40 percent year on year, due to the expansion of GPU-related revenues for digital equipment, in addition to

stable recurring revenues from the safety field.

In the product business, net sales were 1,301 million yen, a significant increase of 63% year on year, mainly due to a significant increase in sales of "RS1" graphics semiconductors for mass production and an expansion of sales of "Cambrian Vision Systems".

In the professional service business, sales of contract development services in the safety, robotics, and GPU fields were recorded, but net sales were 46 million yen, a decrease of 22% year on year due to slow performance in the safety and robotics fields in the first quarter. In the second quarter from July to September, however, sales in the safety and robotics fields recovered.

In the safety field, net sales were 34 million yen, down 30% year on year, due to a sales decline in the product business, despite stable recurring revenues and the provision of professional services related to dashcams.

In the robotics field, net sales were 69 million yen, up 122% year on year, due to increased revenue from product businesses such as "Cambrian Vision Systems".

In the amusement field, net sales were 1,257 million yen, up 59% year on year due to strong mass production shipments of "RS1".

In other field, net sales were 80 million yen, up 46% year on year, due to an increase in GPU-related license revenue.

2nd Quarter ended September 30, 2023
Results Highlights: B/S

Equity ratio remains high at 87.9%

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

Osawa: Here is a B/S summary. total assets at the end of September 2023 totaled 3,691 million yen, down 150 million yen from the end of the previous fiscal year. This was

mainly due to a decrease in accounts receivable and contract assets of 429 million yen and increases in cash and deposits of 108 million yen and investment securities of 199 million yen.

Liabilities amounted to 446 million yen, down 271 million yen from the end of the previous fiscal year. This was mainly due to a decrease in accounts payable of 291 million yen.

Net assets amounted to 3,245 million yen, up 121 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 87.9 percent, and we have sufficient funds for working capital and investments to enhance our R&D structure.



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- 2 **Full-Year Business Forecast, Fiscal Year Ending March 31, 2024**
- 3 Challenges and Initiatives

Fiscal Year Ending March 31, 2024 Business Forecast



Upwardly revised full-year forecasts announced on May 12

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

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

Osawa: We upwardly revised the forecast of consolidated financial results for the fiscal year ending March 31, 2024 announced on May 12, 2023.

Net sales are expected to be 2,950 million yen, up 13.5% compared to the previous forecast of 2,600 million yen.

Operating income and ordinary income are expected to be 240 million yen, up 60% compared to the previous forecast of 150 million yen. Net income attributable to owners of the parent is expected to be 200 million yen, up 66.7% compared to the previous forecast of 120 million yen.

In the first half of the fiscal year, both sales and incomes exceeded our initial expectations, mainly due to brisk sales in the product business and the amusement field.

We expect steady performance in the third quarter and beyond.

Specifically, volume shipments of "RS1" image processing semiconductors for the amusement market are expected to remain strong.

We expect license and professional service revenues in the safety field, product sales and professional service revenues in the robotics field, and steady GPU-related license revenues in other field.



- 1** Explanation of Results, 2nd Quarter ended September 30, 2023
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- 3** **Challenges and Initiatives**



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

This year, we have adopted "Making the Image Intelligent" as our corporate Purpose. The goal is to harness the power of image intelligence to solve real-world problems and create innovative products and services that drive value for our stakeholders.

For example, our safety business uses cameras mounted on cars to extract various types of information from the images, thereby creating a high added value of "safety". This is a very typical example of "image intelligence".

Also, while conventional robots were able to move to the desired coordinates based on the results of calculations, by attaching a camera to a robot, it is now possible to acquire a variety of information in real time, thereby making the robot intelligent to perform a variety of complex tasks. It can truly be said that we are making robots intelligent through images.

Thus, it can be said that our business is "making images intelligent" based on image processing and AI technologies.



John Deere



John Deere



Trylabs



NXP



Peloton



Trylabs

Source: Edge AI + Embedded Vision Alliance

Yamamoto: I believe that this "image intelligence" is very useful in other fields, such as agricultural machinery, construction sites, and healthcare.

Amusement Field

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

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



Yamamoto: I would like to talk about our focus areas and our approach to the business. We are focusing on three fields: Amusement, Robotics, and Safety.

First, let me explain about the amusement field. With "RS1", which combines a real-time 3D engine and a high-performance, high-compression 2D video engine on a single chip, we have achieved both extremely beautiful visual expressions and cost reductions in the chassis by standardizing parts for pachinko and pachislot machines.

Demand has grown tremendously due to the high utilization of pachislot machines, especially 6.5 models and smart pachislot machines, which has contributed significantly to our business performance.

ZEEG Co. Ltd. is a joint venture of Sammy Corporation and Universal Entertainment Corporation. RS1 is used in three types of ZEEG chassis, which are designed to be the industry standard.

As of July 31, 2023, sales of ZEEG chassis equipped with "RS1" reached 15 models and 260,000 units.

This is the number of units shipped to pachinko parlors, and the number of "RS1" units shipped by DMP to date, including those shipped after July 31, has exceeded this number.

Safety Field



- Recurring revenues from existing projects from edge to cloud
- ZIA SAFE was adopted as the driver monitoring function of DENSO TEN's safe driving management telematics service "Offseg"
- Jointly developed an AI camera system for ZEB (Zero Energy Building Management) with THine Electronics





Car exterior and interior (driver) monitoring





Smart City



Public Safety



BEMS

Local Government
Public Transportation
Energy
Building/Construction

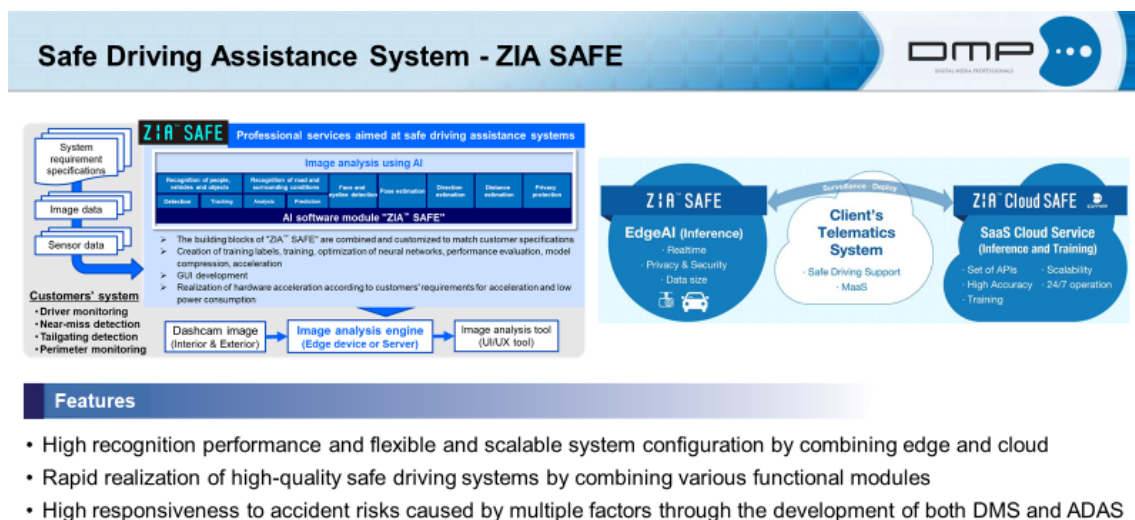
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Yamamoto: In the safety field, we continued to generate recurring revenue from existing projects for JVC KENWOOD, DENSO TEN, and Sumitomo Mitsui Auto Service in the areas of driver (in-vehicle) monitoring and out-of-vehicle monitoring called ADAS (Advanced Driver Assistance System), from the edge to the cloud using dashcams.

Recently, our "ZIA SAFE" was adopted by DENSO TEN for the driver monitoring function of its new safe driving management telematics service, "Offseg". We are also working on various initiatives to extend this "ZIA SAFE" technology to non-automotive fields such as local government, public transportation, energy, and building and construction.

One such initiative is the development of an AI camera system that contributes to zero-energy building management, known as ZEB (Net Zero Energy Building) or BEMS

(Building Energy Management System), in collaboration with THine Electronics, and we are now promoting this system.



Yamamoto: "ZIA SAFE" is a collection of various software for safe driver assistance systems that combines edge and cloud computing with high recognition accuracy. It is provided to customers as an integrated development platform, enabling them to quickly combine modules with various functions to realize high-performance, high-quality safe driving systems.

In addition, the risk of accidents can be further reduced by simultaneously managing both DMS (Driver Monitoring System: a system that monitors driver behavior) and ADAS (a system that obtains information from images of the vehicle's surroundings and links it to safe driving) technologies.

ZIA SAFE Adoption Case (DENSO TEN)



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

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



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

Yamamoto: One use case of "ZIA SAFE" is Denso Ten's "Offseg" system. This system uses AI to analyze various driver behaviors and link them to safe driving.

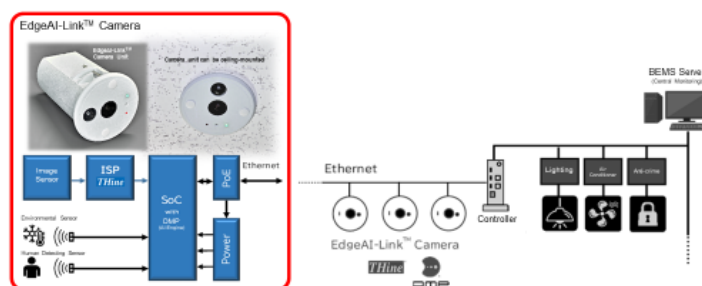
DENSO TEN told us that the AI image recognition function, which combines low CPU load, high reliability, and high functionality, along with professional services backed by DMP's advanced technology, has made a significant contribution to the realization of DENSO TEN's services.

Collaboration with THine Electronics



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

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



THine Electronics EdgeAI-Link + DMP AI Software

Yamamoto: I would like to talk about our collaboration with THine Electronics. We are developing a system to realize next-generation intelligent BEMS and to accelerate the digital transformation of industrial processes in factories and other facilities. By combining a camera module from THine Electronics with our AI, for example, it can be

used to detect the position, number, and attributes of people in an office and intelligently control the air conditioning and lighting in a building.

We are currently proposing this system to our infrastructure and other customers.

Robotics Field



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



ZIA MOVE



Advanced AMR



Manufacturing



Transportation/
Logistics



Pharmaceuticals/
Cosmetics/Food



Construction



Agriculture



Medical/Nursing Care

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Yamamoto: In the robotics field, our "ZIA MOVE" integrated software development platform for autonomous robots was licensed to several customers in the first half of this fiscal year, and it is currently under customer evaluation.

In addition, the "Cambrian Vision System" has strengths in recognition accuracy and speed of target parts and robustness to ambient light, and we have been working on connecting it with robots made by manufacturers in Japan and overseas. As a result, the system is now being adopted in a wide range of fields, including the automotive, food, cosmetics, and pharmaceutical industries.

Targeted Robots for ZIA MOVE



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

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

IDTechEx Research

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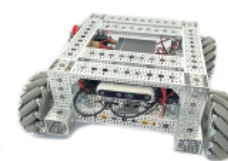
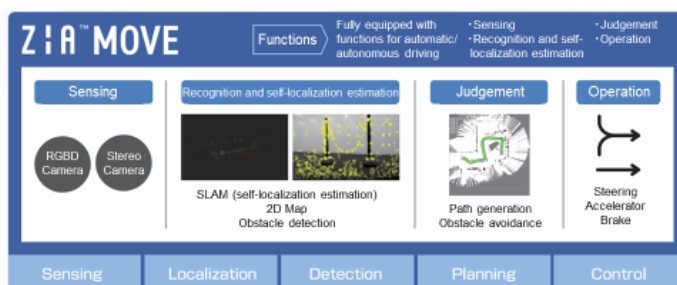
Yamamoto: The figure on the slide shows the types of sensors mounted on various robots. Cameras are used as key sensors on various types of robots, including industrial robots, autonomous robots such as AGVs and AMRs, collaborative robots, drones, and agricultural robots.

The positioning of cameras becomes very important because these robots can do many things by making them intelligent using cameras. This is where we believe "ZIA MOVE", which combines our image processing technology and AI, will be widely used.

ZIA MOVE: Integrated Software Platform for Autonomous Driving



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



DMP ZIA MOVE Evaluation Kit

Features

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

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Yamamoto: "ZIA MOVE" is an integrated development environment that packages a camera-based self-positioning system called "Visual SLAM" and software functions required for autonomous driving, including route generation. Using industry-standard

open software "ROS", "ZIA MOVE" achieves high functional scalability through its modular architecture, and achieves an extremely high stop position accuracy of approximately 4 mm.

Currently, we are providing an integrated software platform while developing and providing robot hardware for customer evaluation.

Cambrian Vision System - Collaboration with Robot Vendors







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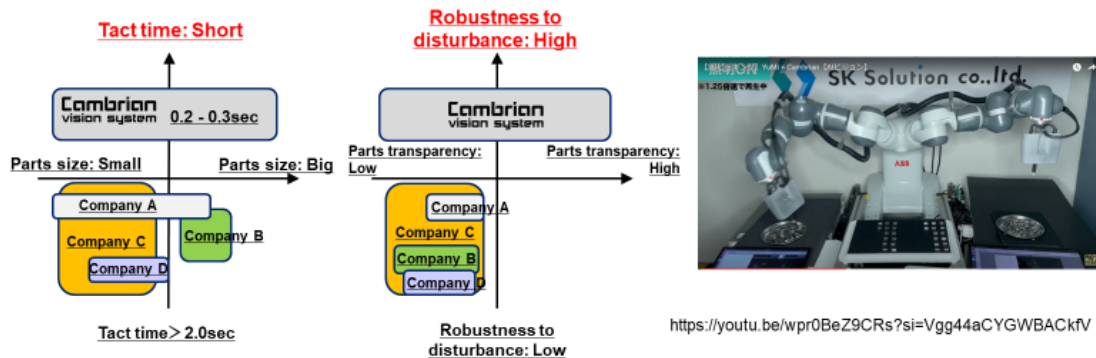
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Yamamoto: I would like to talk about Cambrian's picking system. We have invested in Cambrian Inc. and sell their products with exclusive sales rights in Japan.

In addition to overseas robot arms, we have completed the connection with robot arms of Denso Wave and Fanuc, which are major robot manufacturers in Japan. We are now in the process of introducing "Cambrian Vision Systems" to them and their users.

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



* Based on our own research

Yamamoto: The "Cambrian Vision Systems" has several strengths.

First, the processing tact time is extremely short. Cambrian's camera attached to the robot can recognize the target part (workpiece) very quickly, within 0.2 to 0.3 seconds, or about 200 milliseconds.

The slide shows a comparison with the competition. In many cases, major competitors' vision systems take about 2 seconds for similar recognition, but we can recognize workpieces much faster than that.

Furthermore, what customers appreciate most is the extremely high robustness to ambient light. The ability to work in all kinds of environmental conditions with almost no errors is a major strength. Our ability to recognize and pick transparent parts gives us a huge advantage over our competitors.

This is also demonstrated in the parts picking solution developed by our partner SK Solutions, which uses ABB's dual-arm robots.

Challenges by Cambrian vision system for further automation needs

Cambrian and Fanuc industrial robot automate feeding of translucent bottles

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

[Mr. Tomohiro Mitsuhashi, General Manager, FA Machinery Department, TOKUNAGA Corporation]

<https://youtu.be/Pcyf7-skjiA>



Yamamoto: Tokunaga Corporation is working on automation of bottle supply, and adopted the "Cambrian Vision System". "Cambrian Vision System" can recognize and process translucent and glossy bottles at high speed, which was very difficult in the past, and the system fits perfectly with the concept of the next-generation bottle feeding machine that Tokunaga is aiming for.

In addition, while robots usually require a great deal of work to set up at the time of installation, the "Cambrian Vision Systems" can be used immediately after installation, which has been very much appreciated by our customers.

Additional Investment in Cambrian Inc.

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

2021

April: Acquired exclusive right to sell Cambrian vision systems in Japan

June: Acquired a portion of Cambrian's Series Seed Preferred Stock (US\$0.37M)

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

2023

End of November: Scheduled to acquire a portion of Cambrian's Series Seed Plus Preferred Stock (US\$0.48M)

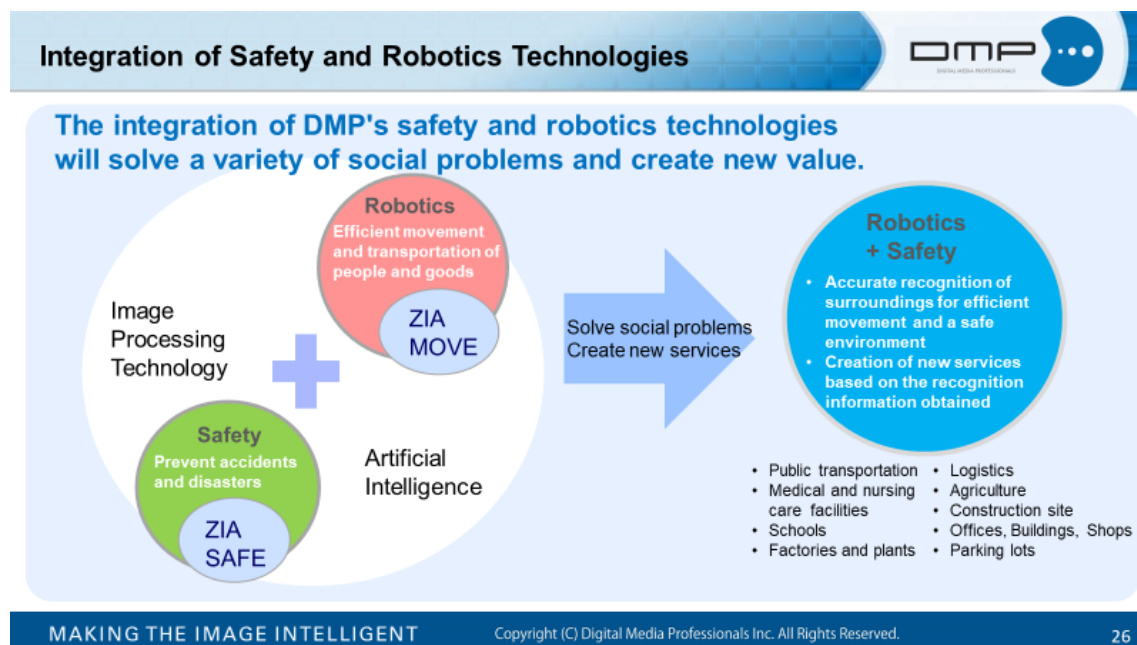
Objectives: financially contribute to enhancing Cambrian's development capabilities and the competitiveness of products and technologies, and further strengthen the strategic capital and business partnership

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

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

Yamamoto: We decided today (November 13, 2023) to invest an additional US\$480,000 in Cambrian to strengthen our strategic alliance, and we also issued a press release on

this matter. We invested in Cambrian in 2021 and acquired exclusive sales rights in Japan. We have decided to make an additional investment to contribute financially to strengthening the company's development capabilities, to conduct marketing and sales activities to increase our domestic market share, and to strengthen our alliance to expand adoption in the manufacturing industries, particularly in the automotive industry, and food, cosmetics, and pharmaceutical industries.



Yamamoto: I would like to talk about some of our initiatives that we are very focused on. So far, I have explained our efforts in the field of safe driving assistance systems or in the field of robotics such as "ZIA SAFE" and "ZIA MOVE". In the future, in order to create even more new value, we will provide solutions by integrating "ZIA SAFE" and "ZIA MOVE" or safety and robotics.

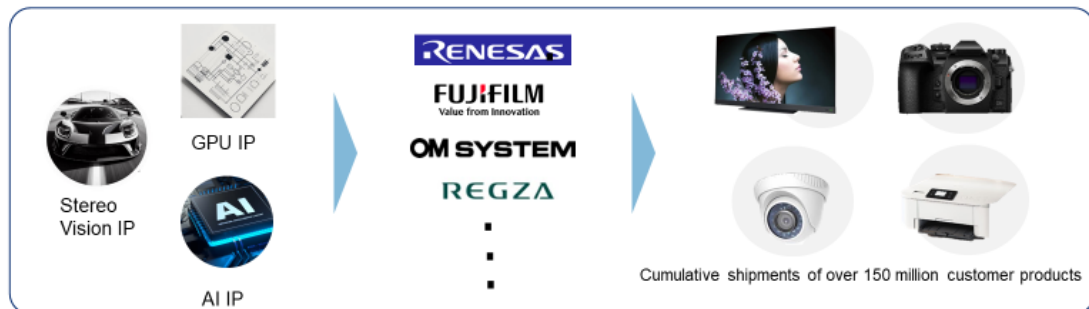
As shown in the figure on the left side of the slide, by integrating safety technology to prevent accidents and disasters and robotics technology to efficiently move and transport people and objects based on our image processing and artificial intelligence technologies, we will solve various new social problems and create new services.

This means that the robot will be able to accurately recognize not only images as it moves, but also the surrounding conditions it obtains while moving to realize efficient movement and a safe environment, and create new services based on the recognition information obtained. For example, we are currently working on the idea that we can solve problems and create new services in various situations such as public transportation, medical care, schools, factories, plants, logistics, and agriculture.

Other Field (IPs for digital equipment)



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



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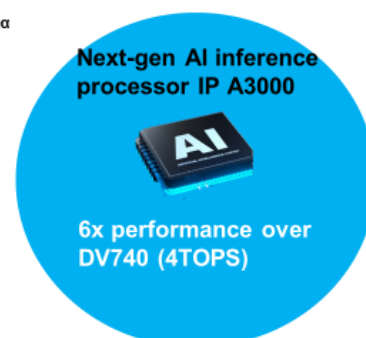
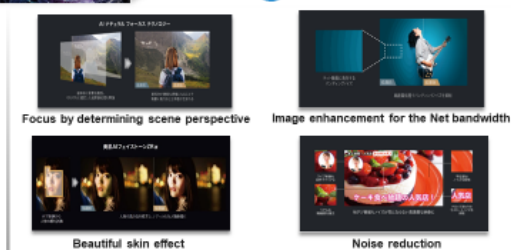
Yamamoto: This slide describes our GPU and AI IP. We provide our customers with small, low-power, high-performance IPs mainly for digital equipment applications. As shown in the figure at the bottom of the slide, running royalties and maintenance support revenues from existing customers have been strong.

In addition, we have been developing new customers while at the same time developing and proposing to customers "ZIA A3000," an AI inference processor that greatly surpasses the performance of our current products.

AI Inference Processor IP A3000



DV700 series adopted in REGZA and other high-volume products



Start licensing in the second half of fiscal year 2023

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Yamamoto: "ZIA A3000" is the next generation of our DV700 series of AI inference processors, which we have already provided to TV manufacturers such as REGZA and HISENSE, as well as major camera manufacturers for mass production. It is a very high-

performance AI processor, six times more powerful than DV740, and we are currently working on licensing it.

Priority Measures



Accelerating our business with the Purpose of Making the Image Intelligent

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

Yamamoto: Here are our priority measures. We will accelerate our business under the Purpose of "Making the Image Intelligent".

First, we will seize new market opportunities arising from our expanding knowledge of the amusement market by expanding our market share. Our share of the amusement market is growing rapidly, and business opportunities are increasing rapidly as we are approached by new customers. We intend to further expand our business in this field by capturing new needs and business opportunities that arise in the future.

In addition, we will create new value by integrating robotics and safety technologies, along with the promotion of platform businesses such as "ZIA MOVE" and "ZIA SAFE.

Furthermore, strengthening our strategic alliance with Cambrian, in which we are making an additional investment, and winning customers for our new IP called "ZIA A3000," for which we are currently working on acquiring a new license, are our major priorities for the second half of the year.

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- 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.

[Q&A session]

Q1: I understand that the amusement market is currently doing well, but what is your medium- to long-term outlook?

A1: Although the market size is shrinking in the long term, the number of units shipped to the market is increasing again after 2020. One of the reasons for this is the emergence of new standards such as 6.5 models and new types of machines such as smart pachinko and smart pachislot. It is believed that the market is growing again due to the acceptance of such machines.

For example, smart pachislot machines eliminate the need to touch the medals, thus improving the sanitary environment. In addition, the elimination of inconveniences such as inserting medals has led to improved occupancy rates and game efficiency. Furthermore, cashless transactions are increasing. We believe that such new initiatives will support the growth of this market. Therefore, we expect stable demand in the future.

Q2: Isn't there a limit to growth in the domestic market alone? Please tell us about your initiatives for overseas markets.

A2: For example, we have overseas customers for IP licensing. We would like to further develop such customers in overseas markets.

In the robotics field, Japan is also a fairly large market. In addition to this, we are receiving very strong inquiries from overseas customers who want to use robots made in Japan.

We are seeing such a trend in Europe and Asia, and we are working to strengthen our partnerships with major Japanese robot manufacturers in order to help develop our future overseas customers.

Q3: In your mid-term business plan released in 2021, you assumed that royalty income in the robotics field would grow. Please tell us about this projection.

A3: Royalty income in the robotics field is currently small. We intend to expand royalty income by acquiring initial licenses and volume production projects for "ZIA MOVE", an integrated software platform for autonomous driving, and "ZIA SV", a stereo vision IP.

Q4: What is the outlook for cost reduction of "RS1"?

A4: We are working to reduce the overall cost of our products, not just "RS1". However, due to factors such as the recent exchange rate and rising material costs, it is difficult to give a clear answer on the future outlook at this point.

Q5: Based on the profit level in the first half, the upward revision of the profit forecast seems modest. Please explain the assumptions.

A5: The forecast figures are based on business projects that are highly probable at this stage and somewhat conservative expense estimates.

Q6: The share price has been sluggish since the first quarter results were announced. What are your thoughts on share buybacks and share price measures?

A6: I think some shareholders are concerned about the share price. In the short term, we intend to improve our business performance, as we did today with the upward revision. In the medium term, we will actively consider shareholder return measures, including share buybacks.

Q7: Let me ask you about Israel-related issues. Please tell us about the impact of the conflict in Gaza on DMP.

A7: For the semiconductor industry, the presence of Israel is very important, and we believe that there will be at least some impact on the industry as a whole. However, since we do not do business with Israeli companies or engage in production or development in Israel, we do not believe it will have an impact on us.

Q8: Could you talk a little more specifically about the integration of safety and robotics technologies?

A8: Basically, we create a map using images obtained while the robot is moving. This map can then be updated in real time by obtaining dynamic information about obstacles and other conditions at any given time.

For example, there are cleaning robots, and we are thinking of creating new value by using such map information to operate various robots, or by providing various services based on the information obtained from the map.

Q9: What are the target markets and applications for "ZIA A3000"?

A9: As in the past, we believe that digital consumer products are the main market, but it can also be used for image processing in robotics and other fields.

For example, we gave a demonstration at the Robot World exhibition held last week in Yokohama. In the demonstration, "ZIA A3000" was used to control a robot using human gestures. We believe that there is a wide market, including in such fields.

Q10: Sales in the professional service business have been declining year after year. What are your plans for this business?

A10: Professional services, as you know, is a man-hour business. We do not intend to aggressively expand it for the purpose of expansion per se.

However, some projects will lead to mass production of our customers' products, and we would like to proactively acquire business if such projects have a high probability of success.