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Summary of Consolidated Financial Results for the Fiscal Year ended March 31, 2022 (Japanese GAAP)

May 13, 2022

Company name: Digital Media Professionals Inc.

Listing: Tokyo Stock Exchange

Code number: 3652

URL: <https://www.dmpref.com/en>

Representative: Tsuyoshi Osawa, President and COO

Contact person: Tomoyuki Ietaka, Executive Officer, CFO, General Manager of Accounting/Corporate Planning Dept. Tel. (03) 6454 - 0450

Scheduled date of General Meeting of Shareholders: June 24, 2022

Scheduled date of filing Securities Report: June 24, 2022

Scheduled date of payment of cash dividends: -

Supplementary materials for the quarterly financial results: No

Briefing session on the quarterly financial results: Yes (for institutional investors and analysts)

(Round down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 through March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	1,667	65.2	-126	—	-122	—	-157	—
Fiscal year ended March 31, 2021	1,009	—	-425	—	-361	—	-364	—

Reference) Comprehensive income: -154 million yen (-%) as of March 31, 2022; -361 million yen (-%) as of March 31, 2021

	Net income per share	Net income per share-diluted	Return on equity	Return on assets	Operating margin
	yen	yen	%	%	%
Fiscal year ended March 31, 2022	-49.93	—	-5.0	-3.5	-7.6
Fiscal year ended March 31, 2021	-116.03	—	-22.4	-20.8	-42.1

Reference) Equity in earnings (losses) of affiliates: - million yen as of March 31, 2022; - million yen as of March 31, 2021

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	3,472	3,095	89.2	983.23
As of March 31, 2021	3,477	3,250	93.5	1,032.07

Reference) Shareholders' equity: 3,095 million yen as of March 31, 2022; 3,250 million yen as of March 31, 2021

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	-39	-77	-0	2,002
Fiscal year ended March 31, 2021	36	68	-1	2,112

Since the consolidated financial statements have been prepared from the fiscal year ended March 2021, the figures for the fiscal year ended March 2020 are not stated.

2. Cash dividends

	Annual dividends per share					Total Dividends	Payout ratio	Dividends on equity
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 2021	-	0.00	-	0.00	0.00	-	-	-
Year ended March 2022	-	0.00	-	0.00	0.00	-	-	-
Year ending March 2023 (Forecast)	-	0.00	-	0.00	0.00	-	-	-

3. Forecasts of consolidated operating results for the year ending March 31, 2023 (April 1, 2022 through March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,370	42.1	25	-	25	-	20	-	6.35

Notes:

1. Changes in significant subsidiaries during the current consolidated cumulative period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
2. Changes in accounting policies
  - (1) Changes in accounting policies resulting from revisions of accounting standards: Yes
  - (2) Changes in accounting policies except (1): None
  - (3) Changes in accounting estimation: None
  - (4) Restatement: None
3. Number of shares issued

(1) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2022	3,152,400 shares	As of March 31, 2021	3,152,400 shares
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(2) Number of treasury shares at the end of the period

As of March 31, 2022	4,122 shares	As of March 31, 2021	3,189 shares
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(3) Average number of shares issued during the period

Year ended March 31, 2022	3,148,584 shares	Year ended March 31, 2021	3,142,419 shares
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(Reference)

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 through March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	1,667	65.2	-130	-	-126	-	-160	-
Fiscal year ended March 31, 2021	1,009	-24.0	-425	-	-361	-	-364	-

	Net income per share	Net income per share-diluted
	yen	yen
Fiscal year ended March 31, 2022	-51.01	—
Fiscal year ended March 31, 2021	-116.11	—

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	
As of March 31, 2022	3,472	3,092	3,092	3,250	89.0	982.19	982.19	
As of March 31, 2021	3,481	3,250	3,250	3,250	93.5	1,032.02	1,032.02	

Reference) Shareholders' equity: 3,092 million yen as of March 31, 2022; 3,250 million yen as of March 31, 2021

2. The non-consolidated earnings forecast for the fiscal year ending March 31, 2023 has been omitted considering the materiality of the non-consolidated information.

\*Summary of the financial results is not subject to audit by a certified public accountant or auditing firm.

\*Explanation regarding the appropriate use of business forecasts and other special notes

The forward-looking statements such as business forecast in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company does not guarantee the achievement of the forecasts. Actual results may differ significantly for a number of reasons.

For the conditions and notes on the use of business forecast, please refer to

"1. Qualitative information on financial results (4) Consolidated financial forecasts and other forward-looking statements."

## Qualitative information on financial results

### (1) Operating results

During the current consolidated fiscal year, the Japanese economy continued to face a difficult situation overall due to the prolonged spread of COVID-19. Currently, there are concerns about the impact of the accelerating weak yen on the economy. As for the future, it is essential to take the extremely difficult task of raising the level of economic activities while taking measures to prevent the spread of infection and serious illnesses by accelerating booster vaccinations and spreading therapeutic drugs. In the world, some countries centered in the western ones, have been prioritizing more aggressive economic activities even though the number of newly infected people remains high on one hand, but China is locking down some cities as part of its zero-corona policy on the other hand. Overall, the economy still needs more time to recover from the damage caused by the COVID-19 pandemic. In addition, with geopolitical risks such as the situation in Ukraine increasing, there are concerns about downside risks due to rising raw material prices and supply-side constraints.

In the semiconductor industry to which our group belongs, although the stay-at-home demand due to the COVID-19 pandemic has peaked out, the continued shortage of semiconductor supplies due to strong demand in various industries is affecting the production of electronic equipment including automobiles that uses semiconductors. In the medium term as well, demand is expected to grow for IoT where all things are connected to the Internet, artificial intelligence (AI), big data, next-generation high-speed communication standards, and automatic driving.

In the field of AI/visual computing, which is the business domain of our group, the acceleration of innovation and the increasing roles of AI are expected in solving social and environmental issues, including a decrease in the working population due to declining birthrate and aging population, COVID-19 pandemic and climate change, and in realizing a safe and secure society.

In this environment, the basic policy of our group's medium-term business plan is to achieve Creating Shared Value (CSV) management that will enhance corporate value by contributing to the resolution of social and environmental issues and earning revenue and profits at the same time. In the core fields of safe driving assistance and robotics, we will maximize customer lifetime value (LTV) by providing added value through the development of IP core license business, product business, and professional service business, based on our integrated development system from algorithms and software to our strength, hardware, throughout the development lifecycle of customer products and services from the planning stage to mass production.

As for specific initiatives and achievements in our focused fields during the current consolidated fiscal year, firstly, in the safe driving assistance field, we have earned recurring revenues from the edge to the cloud from existing projects and provided professional services to new projects of new and existing customers.

In the robotics field, we have expanded our "ZIA™ series" portfolio by releasing ZIA™ MOVE, an AI software that encompasses ZIA™ SLAM, a high-precision SLAM software, and extends its functions to recognition, decision-making, and operation required for automatic and autonomous driving of autonomous mobile robots, and ZIA™ Wire, an AI recognition model for detecting power lines, fences, and other wires for drones and unmanned robots, as well as an upgraded version of ZIA™ ISP, an image signal processor (ISP) core that supports the high dynamic range (HDR) function of image sensors. In addition, we have made progress in PoC and commercialization projects for customers in various industries including projects to implement AI in the land, sea, and air products of Yamaha Motor, a business and capital partner, and collaboration projects with Prophesee in France and Macnica. Furthermore, in the business of vision systems for collaborative robots by Cambrian, a capital and business partner, we made progress in the development of applications such as the joint development of an automatic mail sorting system with Takashima Robot

Marketing, which provides rental, sales, and installation support services for collaborative robots, as well as in specific projects aimed at reducing labor and improving productivity for end customers.

In the amusement field, we continued shipping our image processing semiconductors, RS1, for mass production in response to the large-scale order, and aimed to expand our share in the market segment where we can demonstrate the superiority of this unique 2D/3D integrated chip.

Regarding the business results for the current consolidated fiscal year, in the product business, we continued mass production shipments of the RS1 image processing semiconductor and recorded revenue of camera modules for drone mass production and Cambrian vision systems for collaborative robots. In the IP core license business, we acquired new licenses for the safe driving assistance field and the robotics field and recorded recurring revenue in the safe driving assistance field. In the professional service business, contracted AI development services for the safe driving assistance field and the robotics field, became more active, despite the absence of contracted income related to the NEDO project.

As a result, for the current consolidated fiscal year, we recorded net sales of 1,667 million yen (up 65.2% year on year), operating loss of 126 million yen (operating loss of 425 million yen in the same period of the previous fiscal year), ordinary loss of 122 million yen (ordinary loss of 361 million yen in the same period of the previous fiscal year), and net loss attributable to owners of the parent of 157 million yen (net loss attributable to owners of the parent of 364 million yen in the same period of the previous fiscal year) due to recording a loss on valuation of investment securities of 33 million yen.

As our group operates in a single segment, segment information is not provided, but a summary of results by business is as follows.

a) IP core license business

In addition to recording incomes from GPU new license and running royalties for digital equipment such as digital still cameras and office automation equipment, new license income in the safe driving assistance field and the robotics field and recurring income in the safe driving assistance field were recorded. As a result, net sales amounted to 173 million yen (144 million yen in the same period of the previous fiscal year).

b) Product business

Net sales amounted to 1,199 million yen (658 million yen in the same period of the previous fiscal year) due to sales from mass production shipments of the RS1, camera modules for drone mass production, and Cambrian vision systems.

c) Professional service business

Net sales amounted to 295 million yen (206 million yen in the same period of the previous fiscal year), due to the increased activities in AI contracted development projects for the safe driving assistance field and the robotics field, despite the absence of contracted income from NEDO that was recorded in the same period of the previous fiscal year.

A summary of results by field is as follows.

a) Safe driving assistance field

Net sales amounted to 163 million yen (49 million yen in the same period of the previous year), mainly by recording revenues from new license and recurring business in the IP core license business, and professional services for projects of new and existing customers.

b) Robotics field

Net sales amounted to 236 million yen (166 million yen in the same period of the previous fiscal year) due to an increase in incomes in the IP core license business, recording revenues from camera modules for mass-production drones and Cambrian vision systems, and increased activities in AI contract development projects.

c) Amusement field

Net sales amounted to 1,155 million yen (646 million yen in the same period of the previous year) due to mass production shipment of RS1.

d) Other

Net sales amounted to 111 million yen (148 million yen in the same period of the previous fiscal year) due to the absence of contracted income from NEDO, which was recorded in the same period of the previous fiscal year, despite the recording of incomes from GPU new license and running royalties for digital equipment.

(2) Financial position

(Assets)

Total assets at the end of the current consolidated fiscal year amounted to 3,472 million yen, down 5 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in accounts receivable and contract assets (up 231 million yen) and decreases in cash and deposits (down 63 million yen) and fixed assets (down 52 million yen).

(Liabilities)

Current liabilities and non-current liabilities at the end of the current consolidated fiscal year totaled 376 million yen, up 150 million yen from the end of the previous consolidated fiscal year, mainly due to increases in accounts payable (up 128 million yen) and consumption tax payable (up 41 million yen).

(Net assets)

Total net assets at the end of the current consolidated fiscal year amounted to 3,095 million yen, down 155 million from the end of the previous consolidated fiscal year, mainly due to a decrease in retained earnings (down 157 million yen) resulting from the posting of net loss attributable to owners of the parent.

As a result, the net equity ratio was 89.2%.

(3) Overview of Cash Flows

The balance of cash and cash equivalents at the end of the current consolidated fiscal year was 2,002 million yen.

Net cash used by operating activities was 39 million yen mainly attributable to positive factors such as an increase in accounts payable of 128 million yen and depreciation of 71 million yen, and negative factors such as an increase in accounts receivable and contract assets of 231 million yen and loss before income taxes of 155 million yen.

Net cash used in investing activities was 77 million yen mainly attributable to negative factors such as purchase of investment securities of 40 million yen and purchase of property, plant and equipment of 37 million yen.

Net cash used by financing activities was 0 million yen attributable to purchase of treasury shares.

(Reference) Changes in cash flow indicators

	March 2018	March 2019	March 2020	March 2021	March 2022
Equity ratio (%)	88.2	83.8	92.2	93.5	89.2
Equity ratio on market value (%)	834.8	548.5	162.3	250.2	128.5
Interest-bearing debt to cash flows ratio (year)	-	-	-	-	-
Interest coverage ratio (times)	-	-	-	-	-

Calculations are based on consolidated financial figures from the fiscal year ended March 31, 2021.

Equity ratio:  $\text{Equity} / \text{Total assets}$

Equity ratio on market value:  $\text{Market value} / \text{Total assets}$

Interest-bearing debt to cash flows ratio:  $\text{Interest-bearing debt} / \text{Cash flows}$

Interest coverage ratio:  $\text{Cash flows} / \text{Interest payment}$

(Note 1) Market value is calculated based on the number of issued shares excluding treasury stock.

(Note 2) Cash flows from operating activities are used for cash flows.

(Note 3) Since there is no interest-bearing debt balance or interest payment in each period, interest-bearing debt to cash flows ratio and interest coverage ratio are not stated.

#### (4) Consolidated financial forecasts and other forward-looking statements

The Japanese and global economies are expected to remain uncertain, although degrees vary by region and country, due to the prolonged impact of the COVID-19 pandemic and increased geopolitical risks such as the situation in Ukraine. On the other hand, the semiconductor industry, to which we belong, is expected to continue to experience excess demand and supply shortage in the short term, while demand for semiconductors for AI/IoT is expected to grow in the medium term. The evolution of AI and other technologies is expected to help overcome social and environmental challenges, such as the declining birthrate and aging population, the COVID-19 pandemic, and climate change.

In the safe driving assistance field, one of our focused fields, demand for real-time detection of dangerous driving events and post-event safe driving education is growing, and we expect the market for communication-type dashcams with AI functions to expand steadily. In the robotics field, one of our focused fields as well, the markets for autonomous mobile robots and collaborative robots are expected to grow strongly from the perspectives of alleviating the shortage of manpower in a wide range of fields such as manufacturing, logistics, agriculture and daily life, improving productivity and quality of life, and preventing COVID-19 infection.

In the amusement market, one of our main markets, the market is expected to be stimulated by smart pachinko and smart pachislot machines, which enable the play without touching balls or medals and the central management of payout data nationwide. On the other hand, amid the prolonged COVID-19 pandemic, there are concerns over a decline in halls' willingness to invest due to a lull in demand for replacement of old and new regulation machines, and a shortage of semiconductors and materials required for machine manufacturing.

We will contribute to the "realization of a safe and secure society" and "solutions to social issues" by focusing on the safe driving assistance (safety) and robotics fields and will expand the graphics LSI business for the amusement market. Based on the above, we forecast consolidated net sales of 2,370 million yen (up 42.1% from the current consolidated fiscal year), operating income of 25 million yen, ordinary income of 25 million yen, and net income attributable to owners of the parent of 20 million yen for the consolidated fiscal year ending March 31, 2023.

Actual results may differ from these forecasts due to various factors.

#### (5) Significant events regarding going-concern assumptions

Not applicable

## 2. Basic Policy on Selection of Accounting Standards

Since financial statements are also used in calculating distributable amounts under the Companies Act and taxable income under the Corporation Tax Act, we apply Japanese GAAP for accounting standards.

### 3. Consolidated financial statements and significant notes

#### (1) Consolidated balance sheets

	(Yen thousand)	
	Previous year (As of Mar 31, 2021)	Current year (As of Mar 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	2,066,483	2,002,540
Accounts receivable - trade	157,606	-
Accounts receivable - trade, and contract assets	-	388,772
Securities	345,870	300,000
Merchandise and finished goods	-	11,501
Work in process	7,630	1,029
Raw materials and supplies	44,437	26,756
Prepaid expenses	58,791	48,415
Consumption taxes refund receivable	35,277	2,454
Income taxes refund receivable	11,798	-
Other	8,763	2,580
Total current assets	2,736,659	2,784,051
Non-current assets		
Property, plant and equipment		
Buildings	51,243	51,243
Accumulated depreciation	-38,392	-40,322
Buildings, net	12,850	10,920
Tools, furniture and fixtures	134,369	148,850
Accumulated depreciation	-104,566	-120,252
Tools, furniture and fixtures, net	29,802	28,598
Total property, plant and equipment	42,652	39,519
Intangible assets		
Software	104,545	50,383
Other	25	23,025
Total intangible assets	104,570	73,408
Investments and other assets		
Investment securities	500,630	507,481
Shares of subsidiaries and associates	2,493	-
Long-term prepaid expenses	36,148	11,634
Leasehold deposits	54,147	56,093
Total investments and other assets	593,419	575,209
Total non-current assets	740,643	688,137
Total assets	3,477,303	3,472,189
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	132,333	260,342
Accounts payable - other	41,665	12,371
Accrued expenses	10,118	1,604
Income taxes payable	11,834	15,146
Accrued consumption taxes	-	41,137
Deposits received	7,013	6,596
Unearned revenue	5,269	-
Contract liabilities	-	4,345
Provision for product warranties	-	17,081
Total current liabilities	208,233	358,626
Non-current liabilities		
Deferred tax liabilities	1,452	414
Asset retirement obligations	17,408	17,665
Total non-current liabilities	18,860	18,079
Total liabilities	227,094	376,706
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,838,882	1,838,882
Capital surplus	1,858,093	1,858,093
Retained earnings	-440,462	-597,659
Treasury shares	-1,525	-1,615
Total shareholders' equity	3,254,988	3,097,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-4,677	-1,835
Foreign currency translation adjustment	-102	-381
Total accumulated other comprehensive income	-4,779	-2,217
Total net assets	3,250,208	3,095,483
Total liabilities and net assets	3,477,303	3,472,189

## (2) Consolidated statements of income and comprehensive income

## Consolidated statements of income

	(Yen thousand)	
	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
Net sales	1,009,932	1,667,991
Cost of sales	674,781	1,063,529
Gross profit	335,151	604,461
Selling, general and administrative expenses	760,500	731,082
Operating loss	-425,349	-126,621
Non-operating income		
Interest income	308	302
Interest on securities	2,066	1,798
Foreign exchange gains	2,509	1,557
Gain on sale of securities	-	25
Subsidy income	60,897	-
Miscellaneous income	4	306
Total non-operating income	65,785	3,990
Non-operating expenses		
Share issuance costs	1,465	-
Miscellaneous losses	0	0
Total non-operating expenses	1,465	0
Ordinary loss	-361,029	-122,631
Extraordinary income		
Gain on liquidation of subsidiaries	-	328
Total extraordinary income	-	328
Extraordinary losses		
Loss on sale of non-current assets	102	-
Loss on valuation of shares of subsidiaries and associates	1,422	-
Loss on valuation of investment securities	-	33,642
Total extraordinary losses	1,525	33,642
Loss before income taxes	-362,555	-155,945
Income taxes - current	2,290	2,290
Income taxes - deferred	-222	-1,038
Total income taxes	2,067	1,251
Loss	-364,622	-157,197
Loss attributable to owners of parent	-364,622	-157,197

## Consolidated statements of comprehensive income

	(Yen thousand)	
	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
Loss	-364,622	-157,197
Other comprehensive income		
Valuation difference on available-for-sale securities	2,889	2,841
Foreign currency translation adjustment	-102	-279
Total other comprehensive income	2,787	2,562
Comprehensive income	-361,835	-154,635
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-361,835	-154,635
Comprehensive income attributable to non-controlling interests	-	-



## (3) Consolidated statements of shareholders' equity

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Yen thousand)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,804,592	1,823,803	-75,840	-1,482	3,551,074
Restated balance	1,804,592	1,823,803	-75,840	-1,482	3,551,074
Changes during period					
Issuance of new shares	34,290	34,290			68,580
Loss attributable to owners of parent			-364,622		-364,622
Purchase of treasury shares				-43	-43
Net changes in items other than shareholders' equity					
Total changes during period	34,290	34,290	-364,622	-43	-296,086
Balance at end of period	1,838,882	1,858,093	-440,462	-1,525	3,254,988

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	-7,566	-	-7,566	3,543,507
Restated balance	-7,566	-	-7,566	3,543,507
Changes during period				
Issuance of new shares				68,580
Loss attributable to owners of parent				-364,622
Purchase of treasury shares				-43
Net changes in items other than shareholders' equity	2,889	-102	2,787	2,787
Total changes during period	2,889	-102	2,787	-293,298
Balance at end of period	-4,677	-102	-4,779	3,250,208

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Yen thousand)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,838,882	1,858,093	-440,462	-1,525	3,254,988
Restated balance	1,838,882	1,858,093	-440,462	-1,525	3,254,988
Changes during period					
Issuance of new shares					
Loss attributable to owners of parent			-157,197		-157,197
Purchase of treasury shares				-90	-90
Net changes in items other than shareholders' equity					
Total changes during period	-	-	-157,197	-90	-157,287
Balance at end of period	1,838,882	1,858,093	-597,659	-1,615	3,097,700

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	-4,677	-102	-4,779	3,250,208
Restated balance	-4,677	-102	-4,779	3,250,208
Changes during period				
Issuance of new shares				
Loss attributable to owners of parent				-157,197
Purchase of treasury shares				-90
Net changes in items other than shareholders' equity	2,841	-279	2,562	2,562
Total changes during period	2,841	-279	2,562	-154,725
Balance at end of period	-1,835	-381	-2,217	3,095,483

## (4) Consolidated statement of cash flows

(Yen thousand)

	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
<b>Cash flows from operating activities</b>		
Loss before income taxes	-362,555	-155,945
Depreciation	63,745	71,777
Share-based payment expenses	35,419	32,928
Increase (decrease) in provision for product warranties	-	17,081
Interest and dividend income	-2,368	-2,096
Loss (gain) on valuation of investment securities	-	33,642
Subsidy income	-60,897	-
Foreign exchange losses (gains)	-1,418	-4,851
Loss on valuation of shares of subsidiaries and associates	1,422	-
Loss on retirement of non-current assets	102	-
Decrease (increase) in trade receivables	455,338	-231,166
Decrease (increase) in inventories	-34,779	12,780
Increase (decrease) in trade payables	-6,203	128,008
Decrease (increase) in consumption taxes refund receivable	-35,277	32,823
Increase (decrease) in accrued consumption taxes	-29,862	41,137
Other, net	-17,080	-34,968
Subtotal	5,587	-58,849
Interest and dividends received	2,990	2,490
Income taxes paid	-31,658	-
Income taxes refund	-	9,736
Subsidies received	59,441	6,699
Net cash provided by (used in) operating activities	36,360	-39,923
<b>Cash flows from investing activities</b>		
Purchase of securities	-600,000	-600,000
Proceeds from redemption of securities	700,000	600,000
Purchase of property, plant and equipment	-25,100	-14,481
Purchase of investment securities	-	-40,744
Purchase of intangible assets	-5,725	-23,000
Payments of leasehold deposits	-1,536	-1,945
Proceeds from refund of leasehold deposits	987	-
Other, net	-	2,822
Net cash provided by (used in) investing activities	68,624	-77,348
<b>Cash flows from financing activities</b>		
Payments for issuance of shares	-1,465	-
Purchase of treasury shares	-43	-90
Net cash provided by (used in) financing activities	-1,508	-90
Effect of exchange rate change on cash and cash equivalents	2,203	7,549
Net increase (decrease) in cash and cash equivalents	105,679	-109,812
Cash and cash equivalents at beginning of period	2,006,673	2,112,353
Cash and cash equivalents at end of period	2,112,353	2,002,540

(5) Notes to consolidated financial statements

(Notes on going-concern assumption)

Not applicable

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the current fiscal year and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control over the promised goods or services is transferred to the customer. The main changes are as follows.

(1) License revenue

Previously, the Company recognized revenue at the time the license was granted, if a performance obligation is satisfied at a point in time, even if multiple performance obligations are included. However, the Company has changed its accounting method to account for the transaction prices of multiple contracts by ratios and other methods based on the arm's length selling price of the products sold individually (or, if the arm's length selling price is not directly observable, based on the selling price that would be expected if the products were sold individually).

(2) Professional service business

Previously, the Company followed the percentage-of-completion method when the outcome of the construction activity is deemed certain, and the completed-contract method for other projects. However, the Company has changed to a method whereby revenue is recognized over a certain period of time as performance obligations are fulfilled, except for projects with a very short period of time.

The percentage-of-completion method for satisfaction of performance obligations is calculated as the ratio of the actual cost to the estimated total cost (input method) when the outcome of the performance obligation can be reasonably measured. If the outcome of the performance obligation cannot be reasonably measured, revenue is recognized only to the extent of the actual cost incurred, and for projects with very short durations, revenue is recognized when the performance obligation is completely satisfied.

The Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year by applying the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, the Company has applied the method prescribed in item (1) of the supplementary provisions of Paragraph 86 of the Accounting Standard for Revenue Recognition to account for contract modifications made prior to the beginning of the current fiscal year based on the contract terms after reflecting all contract modifications, and the cumulative effect of such modifications has been added to or deducted from retained earnings at the beginning of the current fiscal year.

As a result, net sales for the current consolidated fiscal year decreased by 7,305 thousand yen, and operating loss, ordinary loss, and loss before income taxes increased by 7,305 thousand yen, respectively. There is no impact on the beginning balance of retained earnings.

As a result of the application of the Accounting Standard for Revenue Recognition, "accounts receivable" which was

presented in "current assets" in the consolidated balance sheets in the previous fiscal year, is included in "accounts receivable and contract assets" from the current fiscal year. In addition, "unearned revenue" which was presented in "current liabilities" is included in "contract liabilities" from the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous consolidated fiscal year using the new presentation.

(Application of Accounting Standard for Measurement of Fair Value, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Fair Value Measurement"), etc. from the beginning of the current fiscal year, and has decided to prospectively apply the new accounting policy set forth in the Accounting Standard for Fair Value Measurement in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

(Segment information, etc.)

[Segment information]

The Group's business is comprised of a single segment, the development, manufacture, and sale of IP cores and other products, as well as related operations. Therefore, this information is omitted from this report.

(Per share information)

	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
Net assets per share	1,032.07 yen	983.23 yen
Net loss per share	-116.03 yen	-49.93 yen

(Notes)

1. Diluted net income per share is not shown in the above table, since the Company posted a net loss per share and there are no diluted shares.

2. The basis for calculation of net assets per share is as follows.

	Previous year (Mar 31, 2021)	Current year (Mar 31, 2022)
Total net assets (thousand yen)	3,250,208	3,095,483
Amount deducted from total net assets (thousand yen)	-	-
Net assets related to common stock at the end of the period (thousand yen)	3,250,208	3,095,483
Number of common shares used for calculation of net assets per share at the end of the period (Shares)	3,149,211	3,148,278

3. The basis for calculation of net loss per share is as follows.

	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
Net loss per share		
Net loss attributable to owners of the parent (thousand yen)	-364,622	-157,197
Amount not attributable to common stock (thousand yen)	-	-
Net loss attributable to owners of the parent on common stock	-364,622	-157,197
Average number of shares of common stock during the period (shares)	3,142,419	3,148,584

(Significant subsequent events)

Not applicable

#### 4. Other

##### (1) Recent quarterly business performance

Fiscal year ended March 31, 2022

(thousand yen)	First Quarter Apr 2021 - Jun 2021	Second Quarter Jul 2021 - Sep 2021	Third Quarter Oct 2021 - Dec 2021	Fourth Quarter Jan 2022 - Mar 2022
Net sales	250,518	440,014	589,060	388,398
Gross profit	69,584	168,322	205,938	160,616
Operating income/loss (-)	-95,864	-14,080	18,023	-34,699
Ordinary income/loss (-)	-95,848	-13,155	18,566	-32,193
Income/loss (-) before income taxes	-95,848	-13,155	18,566	-32,193
Net income/loss (-)	-96,369	-13,369	18,374	-65,526
Net income/loss (-) attributable to owners of the parent	-96,369	-13,675	18,374	-65,526
Comprehensive income	-95,826	-12,419	20,628	-67,017
Net income/loss (-) per share	-30.60 yen	-4.34 yen	5.83 yen	-20.81 yen
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter
Total assets	3,399,847	3,432,453	3,634,784	3,472,189
Net assets	3,154,649	3,141,872	3,162,500	3,095,483
Net assets per share	1,001.85 yen	997.90 yen	1,004.45 yen	983.23 yen

Fiscal year ended March 31, 2021

(thousand yen)	First Quarter Apr 2021 - Jun 2021	Second Quarter Jul 2021 - Sep 2021	Third Quarter Oct 2021 - Dec 2021	Fourth Quarter Jan 2022 - Mar 2022
Net sales	229,456	303,864	300,917	175,693
Gross profit	70,458	91,330	104,609	68,752
Operating loss (-)	-114,708	-77,257	-102,413	-130,970
Ordinary loss (-)	-93,240	-61,988	-87,372	-118,427
loss (-) before income taxes	-93,240	-61,988	-87,372	-119,952
Net loss (-)	-93,757	-62,505	-87,889	-120,469
Net loss (-) attributable to owners of the parent	-93,757	-62,505	-87,889	-120,469
Comprehensive income	-93,666	-62,673	-88,434	-117,060
Net loss (-) per share	-29.95 yen	-19.90 yen	-27.99 yen	-38.25 yen
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter
Total assets	3,684,545	3,730,063	3,698,065	3,477,303
Net assets	3,449,796	3,455,703	3,367,268	3,250,208
Net assets per share	1,102.17 yen	1,097.01 yen	1,069.14 yen	1,032.07 yen