

(This is a translation in English from the original in Japanese. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.)

February 13, 2025

To whom it may concern:

Company name	Digital Media Professionals Inc.
Representative	Tatsuo Yamamoto, Chairman, President & CEO (Security Code: 3652, TSE Mothers)
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## Notice Concerning Commencement of New Business

We hereby announce that at the Board of Directors meeting held on February 13, 2025, a resolution was passed to commence a next-generation edge AI semiconductor business as detailed below.

### 1. Purpose of Business Commencement

Under the Purpose of "Making the Image Intelligent," we are committed to solving real-world problems through our foundational strength in image intelligence, creating innovative products and services that deliver value to our stakeholders.

Recently, the demand for edge AI processing has been expanding due to the rapid proliferation of IoT devices, data privacy protection requirements, and the need for low-latency processing. According to Global Market Insights, the edge AI market, which spans various applications from consumer to industrial and automotive uses, is expected to grow at a CAGR of 25%, reaching USD 70 billion by 2032.

Leveraging this market size and growth potential, along with our extensive experience, knowledge, market track record, and competitive advantages in GPU and AI processor design, development, and sales, we will launch this next-generation edge AI semiconductor business.

By developing innovative edge AI semiconductors that simultaneously achieve low power consumption, high performance, and robust security requirements, we will address the rapidly expanding global edge AI needs while establishing this business as a long-term foundation and growth engine alongside our amusement business.

### 2. Overview of the New Business

#### (1) Business Description

Development, manufacturing, and sales of next-generation edge AI semiconductors capable of real-time inference and image processing at the edge.

In this business, we will partner strategically with iCatch Technology Inc. ("iCatch"), which has a strong global track record, and combine its high-quality image processing technology with our core AI processor technology to create enhanced product value.

#### (2) Competitive Advantages

- Integration of our AI processor technology with iCatch's image processing technology

Utilizing SoC (System on Chip) development platform and IP to achieve significantly reduced development time and costs to address rapid AI model evolution and obsolescence

- Incorporation of NPU (Neural Processing Unit) supporting various quantization precisions including INT8 and FP4 (4-bit floating point)
- The world's first FP4 support in edge AI semiconductors (as of February 2025, based on our research), achieving breakthrough computational efficiency and processing performance
- Leveraging iCatch's global track record and ISP semiconductor expertise to ensure rapid productization, high quality, and stable supply
- Global support system through bases in Japan and Taiwan

### (3) Special Expenditures for Business Commencement

We plan to invest USD 3.4 million (¥537 million based on the exchange rate at the end of December 2024) in semiconductor development costs. Of this amount, USD 500,000 (¥79 million) was recorded in the third quarter of the fiscal year ending March 2025, with USD 1.9 million (¥300 million) allocated to the fiscal year ending March 2026. The remaining USD 1.0 million (¥158 million) will be amortized over a specified period following the commencement of sales in January 2026.

## 3. Schedule

(1) Board Resolution Date: February 13, 2025

(2) Business (Sales) Launch: January 2026 (planned)

## 4. Future Outlook

The impact on the fiscal year ending March 2025 results is expected to be limited, except for the development costs mentioned above. From the fiscal year ending March 2026 onward, in addition to revenue from customer whose adoption has already been confirmed, we aim to generate further revenue by acquiring a broad range of customers in fields such as mobility, robotics, smart cameras, smart cities, and smart factories, as well as through global expansion utilizing our strategic partnership with iCatch. The business forecast for the fiscal year ending March 2026 incorporating impacts of this matter will be disclosed in the fiscal year ending March 2025 earnings release scheduled in May this year.

These figures and impacts are based on current forecasts and actual results may vary due to various factors. We will promptly announce any matters requiring disclosure in the future.

(Reference) Current Consolidated Performance Forecast (announced February 13, 2025) and Previous Fiscal Year's Consolidated Results (million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Forecast for the fiscal year ending March 31, 2025	3,075	255	255	210
Results for the fiscal year ended March 31, 2024	3,016	328	330	331