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Summary of Consolidated Financial Results for the Nine Months ended December 31, 2024 (Japanese GAAP)

February 13, 2025

Company name: Digital Media Professionals Inc.

Listing: Tokyo Stock Exchange

Code number: 3652

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

Representative: Tatsuo Yamamoto, Chairman, President and CEO

Contact person: Tsuyoshi Osawa, Senior Managing Director, General Manager of Corporate Planning Dept.

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Scheduled date of payment of cash dividends: -

Supplementary materials for the quarterly financial results: Yes

Briefing session on the quarterly financial results: No

1. Consolidated financial results for the nine months ended December 31, 2024 (April 1, 2024 through December 31, 2024)

(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	%
9 months ended December 31, 2024	2,206	-3.7	121	-53.4	121	-53.9	100	-54.6
9 months ended December 31, 2023	2,292	45.1	261	—	264	—	221	—

Reference) Comprehensive income: 104 million yen for 9 months ended December 31, 2024; 219 million yen for 9 months ended December 31, 2023

	Net income per share	Net income per share-diluted
	yen	yen
9 months ended December 31, 2024	32.04	—
9 months ended December 31, 2023	70.58	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	4,153	3,562	85.8
As of March 31, 2024	3,919	3,457	88.2

Reference) Shareholders' equity: 3,562 million yen as of December 31, 2024; 3,457 million yen as of March 31, 2024

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 2024	-	0.00	-	0.00	0.00
Year ending March 2025	-	0.00	-	-	-
Year ending March 2025 (Forecast)	-	-	-	0.00	0.00

Note) Revision of dividends forecast during the period: None

3. Forecasts of consolidated operating results for the year ending March 31, 2025 (April 1, 2024 through March 31, 2025)

(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	3,075	2.0	255	-22.4	255	-22.8	210	-36.6	66.77

Note) Revision of forecasts during the period: Yes

Please refer to the "Notice Concerning Revision of Forecast of Financial Results" released today (February 13, 2025) for the revision

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. Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: None
3. 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

4. Number of shares issued

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

As of December 31, 2024	3,152,400 shares	As of March 31, 2024	3,152,400 shares
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(2) Number of treasury shares at the end of the period

As of December 31, 2024	7,240 shares	As of March 31, 2024	7,240 shares
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(3) Average number of shares issued during the period

6 months ended December 31, 2024	3,145,160 shares	6 months ended December 31, 2023	3,145,193 shares
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Note: 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 quarterly financial results (3) Consolidated financial forecasts and other forward-looking statements."

## 1. Qualitative information on quarterly financial results

### (1) Operating results

During the nine-month period ended December 31, 2024, the Japanese economy recovered gradually, supported by moderate improvements in employment, increases in nominal wages, and steady corporate sector performance. However, the impacts of the continued weak yen and rising prices and energy costs on the economy and people's lives became apparent. The global economy also showed signs of recovery in general, but downside risks need to be kept in mind such as the effects of monetary tightening, concerns about the future of the Chinese economy, and increasing geopolitical risks.

In the semiconductor industry, to which our group belongs, demand for generative AI (Artificial Intelligence) is driving the market, which bottomed out in 2023. In the medium term, demand is also 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 and climate change, and in realizing a safe and secure society.

In this environment, our group strives to create innovative products and services that drive value to our stakeholders and solve real-world problems through the power of image intelligence, which has been our strength since our founding, under the Purpose of "Making the Image Intelligent." With a solid business foundation of stable growth in the amusement and IP fields, we support the entire development lifecycle of customer products and services, from planning to mass production, in the robotics and safety fields and their applied areas, such as video inspection and semiconductor manufacturing equipment. We are striving to maximize LTV (customer lifetime value) by providing added value, through deploying IP core license business, product business, and professional service business with our integrated development system from algorithm and software to hardware, which is our strength.

As for specific initiatives and achievements in our focused fields during the third quarter of the current fiscal year, firstly, in the safety field, we secured recurring revenue from existing projects from the edge to the cloud.

In the robotics field, we provided professional services for autonomous mobile robots. In the business of vision systems for picking robots by Cambrian Inc., a capital and business partner, our competitive advantage in recognition accuracy of transparent and shiny parts and robustness against environmental changes such as ambient light was highly evaluated, resulting in progress in product shipments including full-scale introduction to manufacturing inline and business projects. In addition, we have promoted the acquisition of leads by exhibiting at various trade shows.

In the amusement field, we continued mass production shipments of our image processing semiconductor, RS1, for pachislot machines, including smart pachislots, and aimed to expand our share in the market segment where we can demonstrate the superiority of this unique 2D/3D integrated chip.

Additionally, as announced in the "Notice Concerning Commencement of New Business" disclosed on February 13, 2025, we have decided to launch a next-generation edge AI semiconductor business for the rapidly growing edge AI market, in strategic partnership with iCatch Technology in Taiwan, which possesses advanced image processing capabilities. By developing innovative edge AI semiconductors that meet the demands for low power consumption, high performance, and robust security, we aim to address the rapidly expanding global edge AI needs and establish this business as our long-term business foundation and growth engine, alongside the amusement business. The development is currently underway, and the business (sales) is scheduled to commence in January 2026.

With regard to business results for the nine-month period ended December 31, 2024, in the product business, we continued mass production shipments of the RS1 image processing semiconductor and shipped Cambrian Vision Systems. In the IP core license business, we recorded AI/GPU running royalty income, recurring revenue in the safety and robotics fields, and maintenance/support revenues. In the professional service business, we provided AI/GPU contracted development services.

As a result, we recorded net sales for the nine-month ended December 31, 2024 of 2,206 million yen (down 3.7% from the same period of the previous year), operating income of 121 million yen (down 53.4% from the same period of the previous year), ordinary income of 121 million yen (down 53.9% from the same period of the previous year) and net income attributable to owners of the parent of 100 million yen (down 54.6% from the same period of the previous year). We recorded edge AI semiconductor development cost of 79 million yen this quarter.

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

Net sales amounted to 74 million yen (135 million yen in the same period of the previous fiscal year), mainly due to the recording of recurring revenue in the safety and robotics fields, new license revenue, and maintenance/support revenues in addition to GPU running royalty income for digital equipment such as digital still cameras, 4K TVs and office automation equipment.

b) Product business

Net sales amounted to 2,055 million yen (2,105 million yen in the same period of the previous fiscal year) due to sales from mass production shipments of the RS1 and Cambrian Vision Systems.

c) Professional service business

Net sales amounted to 76 million yen (51 million yen in the same period of the previous fiscal year) for providing AI contracted development services in the safety and robotics fields and contracted development services in the amusement field.

A summary of results by field is as follows.

a) Safety field

Net sales amounted to 26 million yen (41 million yen in the same period of the previous year), mainly due to the recording of recurring income in the IP core license business and professional service revenues in the broader safety field.

b) Robotics field

Net sales amounted to 118 million yen (115 million yen in the same period of the previous fiscal year) due to the recording of sales of Cambrian Vision Systems in the product business and providing professional services including those for the semiconductor manufacturing equipment and video inspection area.

c) Amusement field

Net sales amounted to 2,012 million yen (2,018 million yen in the same period of the previous year), mainly due to the mass production shipments of RS1.

d) Other

Net sales amounted to 48 million yen (117 million yen in the same period of the previous fiscal year), mainly due to the

recording of GPU running royalty income for digital equipment and maintenance/support revenues.

## (2) Financial position

### Overview of assets, liabilities and net assets

#### (Assets)

Current assets at the end of the third quarter amounted to 3,261 million yen, down 10 million yen from the end of the previous fiscal year mainly attributable to a decrease in securities (down 100 million yen) and an increase in accounts receivable and contract assets (up 77 million yen). Noncurrent assets amounted to 891 million yen, up 244 million yen from the end of the previous fiscal year mainly attributable to increases in intangible assets (up 153 million yen) and investment securities (up 103 million yen).

#### (Liabilities)

Current liabilities and noncurrent liabilities at the end of the third quarter amounted to 591 million yen, up 129 million yen from the end of the previous fiscal year mainly attributable to increases in accounts payable - trade (up 23 million yen) and accounts payable - other (up 203 million yen).

#### (Net assets)

Net assets at the end of the third quarter amounted to 3,562 million yen, up 104 million yen from the end of the previous fiscal year mainly attributable to an increase in retained earnings (up 100 million yen).

As a result, the equity ratio was 85.8%.

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

Based on the performance for the nine-month period ended December 31, 2024 and future outlook, we have revised the full-year consolidated financial forecast for the fiscal year ending March 2025 announced on May 14, 2024.

For more details, please refer to the "Notice Concerning Revision of Forecast of Financial Results" announced on February 13, 2025.

Actual performance may differ significantly from the forecast figures due to various factors.

## 2. Consolidated quarterly financial statements and major notes

### (1) Consolidated quarterly balance sheets

	(Yen thousand)	
	Previous year (As of Mar 31, 2024)	Current Q3 period (As of Dec 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	2,603,750	2,575,777
Accounts receivable - trade and contract assets	246,332	323,406
Securities	300,000	200,000
Merchandise and finished goods	35,585	46,804
Work in process	2,817	5,380
Raw materials and supplies	44,266	68,883
Other	40,032	41,666
Total current assets	3,272,786	3,261,917
Non-current assets		
Property, plant and equipment	54,063	41,529
Intangible assets	9,324	162,805
Investments and other assets	583,622	686,904
Total non-current assets	647,010	891,240
Total assets	3,919,796	4,153,158
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	196,241	219,249
Income taxes payable	51,667	8,600
Provision for product warranties	8,540	2,972
Other	187,311	341,872
Total current liabilities	443,761	572,694
Non-current liabilities		
Asset retirement obligations	18,191	18,392
Total non-current liabilities	18,191	18,392
Total liabilities	461,952	591,087
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,838,882	1,838,882
Capital surplus	1,858,093	1,858,093
Retained earnings	-243,821	-143,048
Treasury shares	-2,016	-2,016
Total shareholders' equity	3,451,138	3,551,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,726	7,369
Foreign currency translation adjustment	2,978	2,790
Total accumulated other comprehensive income	6,705	10,159
Total net assets	3,457,844	3,562,070
Total liabilities and net assets	3,919,796	4,153,158

## (2) Consolidated interim statements of income and comprehensive income (nine months ended December 31, 2024)

## Consolidated quarterly statements of income

	(Yen thousand)	
	Previous Q3 period (YTD) (From Apr 1, 2023 To December 31, 2023)	Current Q3 period (YTD) (From Apr 1, 2024 To December 31, 2024)
Net sales	2,292,669	2,206,869
Cost of sales	1,338,752	1,267,860
Gross profit	953,917	939,008
Selling, general and administrative expenses	692,552	817,230
Operating income	261,364	121,778
Non-operating income		
Interest income	475	4,951
Foreign exchange gains	2,376	-
Miscellaneous income	-	126
Total non-operating income	2,852	5,077
Non-operating expenses		
Foreign exchange losses	-	5,067
Miscellaneous loss	1	24
Total non-operating expenses	1	5,092
Ordinary income	264,215	121,763
Income before income taxes	264,215	121,763
Income taxes - current	42,217	21,146
Income taxes - deferred	-	-155
Total income taxes	42,217	20,991
Income	221,998	100,772
Income attributable to owners of parent	221,998	100,772

## Consolidated quarterly statements of comprehensive income

	(Yen thousand)	
	Previous Q3 period (YTD) (From Apr 1, 2023 To December 31, 2023)	Current Q3 period (YTD) (From Apr 1, 2024 To December 31, 2024)
Income	221,998	100,772
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,073	3,642
Foreign currency translation adjustment	-299	-188
Total other comprehensive income	-2,372	3,453
Comprehensive income	219,625	104,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	219,625	104,226
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to interim consolidated financial statements

(Change in accounting policy)

(Application of "Accounting Standard for Current Income Taxes" etc.)

The "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan ("ASBJ") Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been applied from the beginning of the six months ended September 30, 2024. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Guidance 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on the sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the six months ended September 30, 2024. Although this change in the accounting policies is applied retrospectively, there were no applicable events, hence there is no impact on the semi-annual consolidated financial statements for the same period in the previous fiscal year and on the consolidated financial statements for the previous fiscal year.

(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.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Notes on going-concern assumption)

Not applicable

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 of the current fiscal year have not been prepared. Depreciation (including amortization related to intangible fixed assets excluding goodwill) for the nine months ended December 31, 2023, and 2024 are as follows.

(Yen thousand)		
	Previous Q3 period (YTD) (From Apr 1, 2023 To December 31, 2023)	Current Q3 period (YTD) (From Apr 1, 2024 To December 31, 2024)
Depreciation	30,360	21,548



### 3. Other

#### (1) Recent quarterly business performance

Fiscal year ending March 31, 2025

(thousand yen)	First Quarter Apr 2024 - Jun 2024	Second Quarter Jul 2024 - Sep 2024	Third Quarter Oct 2024 - Dec 2024	Fourth Quarter Jan 2025 - Mar 2025
Net sales	740,262	794,976	671,629	-
Gross profit	318,359	332,321	288,327	-
Operating income/loss (-)	64,742	79,826	-22,790	-
Ordinary income/loss (-)	63,493	79,793	-21,522	-
Income/loss (-) before income taxes	63,493	79,793	-21,522	-
Net income/loss (-)	59,172	62,217	-20,617	-
Net income/loss (-) attributable to owners of the parent	59,172	62,217	-20,617	-
Comprehensive income	64,114	53,038	-12,927	-
Net income/loss (-) per share	18.81 yen	19.78 yen	-6.56 yen	-
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter
Total assets	3,929,870	4,022,238	4,153,158	-
Net assets	3,521,958	3,574,997	3,562,070	-
Net assets per share	1,119.80 yen	1,136.67 yen	1,132.56 yen	-

Fiscal year ended March 31, 2024

(thousand yen)	First Quarter Apr 2023 - Jun 2023	Second Quarter Jul 2023 - Sep 2023	Third Quarter Oct 2023 - Dec 2023	Fourth Quarter Jan 2024 - Mar 2024
Net sales	699,165	742,931	850,573	723,392
Gross profit	256,344	342,473	351,584	319,932
Operating income	30,196	104,590	126,578	67,207
Ordinary income	32,833	107,336	124,045	66,262
Income before income taxes	32,833	107,336	124,045	66,262
Net income	26,411	94,614	100,972	109,271
Net income attributable to owners of the parent	26,411	94,614	100,972	109,271
Comprehensive income	26,658	94,710	98,255	114,358
Net income per share	8.40 yen	30.08 yen	32.10 yen	34.74 yen
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter
Total assets	3,684,722	3,691,464	3,893,835	3,919,796
Net assets	3,150,810	3,245,229	3,343,485	3,457,844
Net assets per share	1,001.77 yen	1,031.82 yen	1,063.06 yen	1,099.42 yen