Micware Co., Ltd.

Earnings Call for the Six Months Ended August 2026
November 10, 2026 | 5:00 p.m. U.S. Eastern Time

Company Speakers:

Mr. Kenji Narushima	Founder, Representative Director, President, Chairman, and Chief Executive Officer
Mr. Takuma Segawa	Co-Founder and Chief Financial Officer
Ms. Maiko Kawashima	Head of Investor Relations

【IR Kawashima】

(Slide 1: Cover Page)
Good day, ladies and gentlemen. Thank you for joining us today for Micware Company Limited's first half of fiscal year 2027 earnings call.

My name is Maiko Kawashima, Head of Investor Relations at Micware, and I will be moderating today's call.

Before we begin, please note that all participants will remain in listen-only mode during the call. A video replay of this call will be made available on our Investor Relations website at a later date.

Let me begin by introducing our speakers. Joining us are our Founder and Chief Executive Officer, Mr. Kenji Narushima, and our Co-Founder and Chief Financial Officer, Mr. Takuma Segawa.

At first, our Founder and CEO, Mr. Narushima, will provide an overview of our company and growth strategy. Following that, our Co-Founder and CFO, Mr. Segawa, will provide an overview of our financial results. Please note that the presentation will be delivered using AI-generated video and voice. Following the presentation, we will hold a question-and-answer session to address questions we received in advance.

Unless otherwise noted, please be advised that all figures and growth rates referenced in this presentation are based on our US dollar results, with USD and JPY exchange rates of $1 is equal to ¥146.90 for the first half of fiscal year 2026 and $1 is equal to ¥159.74 for the first half of fiscal year 2027.

(Slide 2: Forward-Looking Statements)
Before we continue, I would like to remind you that some information discussed on this

call will contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties. The Company undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that such expectations will turn out to be correct, and the Company cautions investors that actual results may differ materially from the anticipated results and encourages investors to review other factors that may affect its future results in the Company's registration statement and in its other filings with the SEC.

With that, please watch and listen to the AI-generated presentation featuring our Founder and CEO, Mr. Kenji Narushima, and our Co-Founder and CFO, Mr. Takuma Segawa.

【CEO Narushima】

(Slide 4: Speaker Introduction)
Good day, everyone. This is Narushima.

Since our Nasdaq listing in May 2026 and our last earnings call in July 2026, we have continued to execute our growth strategy and strengthen our business.

Today, I would like to provide an update on our progress during the first half of fiscal year 2027 and share our strategic priorities for long-term growth.

(Slide 5: Company Overview)
First, let me briefly introduce Micware and the foundation we have built over the past two decades.

I founded Micware in Kobe, Japan in 2003, starting as a small team developing car audio and navigation systems. Today, we have grown into a software developer for automakers, focused on in-vehicle infotainment, navigation software, and mobility solutions.

For more than 20 years, we have worked closely with automakers to develop software programs deployed across multiple vehicle models. We do not just provide standalone

software. We work hand-in-hand with our customers to co-develop platforms tailored to their needs. Today, our group has more than 600 employees, with highly specialized development teams dedicated to each customer.

Over the years, we have built deep technical expertise, backed by more than 360 patents, and developed long-standing partnerships with leading automakers, such as Honda and Toyota. Now, we are leveraging our automotive software experience and expertise to expand into new growth areas, such as DynaPlanet, our 3D spatial platform.

(Slide 6: Global Expansion)
On the operational front, we have established a strong operating base in Japan while expanding our global presence.

Headquartered in Kobe, we have six operating companies and 13 offices in Japan, with operating subsidiaries in the United States, Thailand, and Germany. We believe this global network supports our existing business and provides a strong foundation for further international expansion.

(Slide 8: 1H FY2027 Financial Highlights)
With that overview, let me now turn to our financial highlights.

In the first half of fiscal year 2027, we recorded revenue of $66.4 million, a 4.9% year-over-year decrease. This decrease, however, was mainly due to the weaker yen, and on a Japanese yen basis, revenue increased by 3.4% year over year.

Gross profit increased by 9.9% to $24.1 million, and gross margin expanded by 4.9 percentage points to 36.3%.

Operating profit decreased by 7.6% to $4.9 million, while adjusted operating profit increased by 22.7% to $6.9 million.

Net income attributable to ordinary shareholders declined by 18.9% to $3.9 million.

Overall, we believe that these results reflect our continued focus on improving the profitability of our core business while making disciplined strategic investments to support our next phase of growth.

Let me now highlight three key takeaways behind our performance and recent strategic developments.

(Slide 9: 1H FY2027 Key Takeaways)
First, we improved gross profitability through higher-value development work. Gross margin rose 4.9 percentage points to 36.3%, and gross profit grew 9.9%. This was mainly driven by a shift in the mix of SDV projects toward a more profitable, higher-value-added successor program focused on upstream design and development.

Second, our adjusted operating profit grew while we continued investing in future growth. R&D expenses increased by 46.9% year over year, while adjusted operating profit grew by 22.7%. We believe this demonstrates our ability to invest in future growth while continuing to improve the underlying profitability of our business.

Third, we strengthened our foundation for future growth. We advanced our two platforms, micAuto-PF and DynaPlanet-PF, and made Micware North America and Micware Asia Pacific wholly owned subsidiaries. In early September, we also implemented our group reorganization and formally introduced our platform-based growth strategy.

(Slide 10: 1H FY2027 Growth Investment Focus)
During this period, we continued to prioritize investments in technologies and platforms that will drive our future growth.

We invested $5.2 million in R&D, mainly to advance our platform-based growth strategy, including preparations for the planned launch of DynaPlanet Studio in January 2027.
While higher R&D spending contributed to the decline in operating profit, the fundamentals of our core business remain solid. We will continue investing in new platforms while maintaining a stable level of profitability.

Alongside our growth investments, we are also scaling our international presence, particularly in North America.

(Slide 11: Strengthening Our Global Presence)
North America is an important market in our global expansion strategy. Micware North America, which we established in 2014, serves as our main base for delivering software development services outside Japan.

This year, we took several strategic steps to strengthen our presence in the region. In July, we completed the transition of Micware North America to a wholly owned subsidiary, followed by the relocation of our North American operations to a larger, upgraded facility in Dublin, Ohio. We believe this positions us to better support our growth in the region.

These efforts are part of our broader strategy to expand our business internationally. During the first half of fiscal year 2027, revenue from our international operations, including North America, increased by 21.0% year over year to $1.4 million.

Going forward, we aim to strengthen our local operations, deepen customer relationships, and capture new growth opportunities in North America. While our domestic Japanese business remains the primary driver of revenue, we aim to grow international revenue over the coming years.

(Slide 12: Where We Are Headed)
As we have outlined in our previous briefings, our long-term growth strategy is to become a platform provider.

Over the years, Micware has evolved from a software developer into a Tier 1 software supplier for automakers. Building on this foundation, we aim to extend our technologies and expertise beyond individual development projects to serve a broader range of customers and applications.

At the core of this strategy are our two core growth platforms, micAuto-PF and DynaPlanet-PF. In the next slides, we will take a closer look at each platform and how it drives our long-term growth.

(Slide 13: Core Growth Pillars)
Our growth strategy is centered on one simple idea – one philosophy with two distinct sources of value, each fueling the other’s growth. Both platforms, micAuto-PF and DynaPlanet-PF, serve different markets, but we believe that the value they create contributes equally to people’s well-being. As a result, we believe that progress in one platform will strengthen the other, allowing both to grow together.

micAuto-PF focuses on mobility. Building on our strong foundation in automotive software, it aims to support automakers in transforming how they develop their vehicles.

On the other hand, DynaPlanet-PF, is a 3D spatial platform that connects real and virtual worlds, including representations of cities and buildings.

Both platforms build on the technologies, software, data, and development expertise we have accumulated over more than 20 years. By turning these strengths into new business assets, we aim to create new revenue opportunities through services, licensing, and data provision.

Another important aspect is that we believe that data generated from mobility can help build and update digital spaces, while insights gained in those spaces can be applied back to real-world mobility services. We see this cycle as a key strength of our strategy.

(Slide 14: micAuto-PF: From IVI to Mobility Physical AI)
With micAuto-PF, our goal is to expand our role in the automotive industry as vehicles become increasingly software-defined.

We believe that we are starting from a position of strength. Our existing IVI business, supported by long-standing OEM relationships and large-scale development expertise, provides an established revenue base from which to pursue new opportunities.

Our roadmap has three stages. First, micAuto-IVI strengthens our existing automotive software business. Second, micAuto-SDV expands our capabilities into the broader SDV ecosystem, including connected services and AD/ADAS. Third, micAuto-Motion looks further ahead, aiming to apply our technologies into emerging mobility applications, such as drones and delivery robots, in line with our vision of Mobility Physical AI.

The strategic opportunity is to expand beyond individual engineering projects and create additional revenue streams through software services and broader deployment of our software assets.

Importantly, this roadmap builds on a business that is already generating revenue. During the first half of fiscal year 2027, our major SDV development program advanced to a higher-value successor project, reinforcing the capabilities and customer relationships that support our long-term ambitions.

(Slide 15: DynaPlanet-PF: One Platform, Three 3D Layers)
Turning to DynaPlanet-PF, our vision is to create a platform that connects real and virtual spaces, opening new opportunities beyond our traditional automotive software business. We see DynaPlanet as more than a technology for creating 3D models. Our goal is to build an ecosystem where enterprises, local governments, users, and creators can access, develop, and create value from 3D digital spaces.

The platform brings together three layers. Real 3D Interiors and Real 3D Cities create digital representations of buildings and cities, supporting practical applications for enterprises and local governments, respectively. Virtual 3D Worlds extends this concept into spaces created by users and AI, opening opportunities for broader participation.

From a business perspective, we see opportunities to generate revenue through data provision and licensing, as well as solutions and services. As the ecosystem scales, we also see potential to monetize through a marketplace that connects creators and users. We have already begun generating revenue from DynaPlanet-related services. Our next planned milestone is the launch of DynaPlanet Studio in January 2027. DynaPlanet Studio is designed to enable creators to build and publish their own 3D content and reach a broad user base, serving as a first real-world example of the marketplace model I described earlier.

Let us give you a few glimpses of our development process.

(DynaPlanet Studio demo video plays)

What you just saw is still at an early stage of development. Starting in January, we expect many creators to begin building here. That is DynaPlanet Studio.

We believe our platform-based growth strategy marks an important new chapter for Micware, and we look forward to sharing further progress on both platforms as our strategy unfolds.

Thank you for listening. I would now like to give the floor to our CFO, Mr. Segawa, who will walk you through our financial results in detail.

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【CFO Segawa】

(Slide 16: Speaker Introduction)
Thank you, Mr. Narushima. This is Segawa.
Before I walk you through our financial results in detail, I would like to briefly touch on our recent key milestones.

(Slide 17: Recent Key Milestones)
Over the past several months, we have taken meaningful progress in strengthening our global operations, expanding strategic partnerships, and advancing our platform-based growth strategy.

We would like to report on the progress made since our last earnings announcement.
First, in July, we took full ownership of Micware North America and Micware Asia Pacific.
In September, we also formed strategic alliances with MulticoreWare and ESRI Japan, and completed our group reorganization to better align the organization with our platform-driven growth strategy.

Taken together, we believe that each of these milestones brings us closer to our vision of a stronger global presence, deeper partnerships, and new opportunities for long-term growth.

(Slide 18: Revenue)
With that, let me turn to our financial results.

Revenue was $66.4 million in the first half of fiscal year 2027, a decrease of 4.9% from $69.9 million in the same period last year. This decrease, however, was mainly due to the weaker yen. On a Japanese yen basis, revenue increased by 3.4% year over year, which is indicative of the continued growth of our business.

By service line, software development services remained our core revenue source, growing 4.1% on a Japanese yen basis. The increase was mainly driven by full-scale development of a higher-value-added successor project following completion of the previous vehicle project, as well as customization-related work.

Licensing revenue increased by 3.6% on a Japanese yen basis, supported by higher

LBS license fees from newly launched vehicle models for an existing customer. While license fees from some older vehicle models and SDV connected services declined, overall licensing revenue remained solid.

Meanwhile, software-related services decreased by 4.8% on a Japanese yen basis, primarily due to lower revenue in the SDV segment.

(Slide 19: Revenue Breakdown)
Turning to our revenue breakdown by service line, software development services remained our core revenue driver, accounting for 79.1% of total revenue in the first half of fiscal year 2027, compared with 78.6% in the same period last year.

Licensing accounted for 14.3% of total revenue, unchanged from the prior year, while software-related services represented the remaining 6.6%.

(Slide 20: Gross Profit and Gross Margin)
Turning to gross profit, we delivered a significant improvement in profitability.

Gross profit increased to $24.1 million in the first half of fiscal year 2027, an increase of 9.9% from $21.9 million in the same period last year. On a Japanese yen basis, gross profit grew 19.5% year over year.

Gross margin expanded to 36.3%, an increase of 4.9 percentage points from 31.4%, as cost of revenue declined while revenue increased on a Japanese yen basis.

This improvement was primarily driven by a favorable shift in our project mix. A major SDV development program moved from a completed project to a more profitable, higher-value-added successor project focused on upstream design and development. This was partly offset by higher costs for newly launched vehicle models and a one-time, non-cash share-based compensation expense related to our IPO.

(Slide 21: Adjusted Operating Profit)
Adjusted operating profit increased to $6.9 million in the first half of fiscal year 2027, an increase of 22.7% from $5.6 million in the same period last year. On a Japanese yen basis, adjusted operating profit increased by 33.4% year over year, while adjusted operating margin improved to 10.4% from 8.0%.

The increase in adjusted operating profit was primarily driven by higher gross profit, which more than offset increases in R&D and personnel expenses after adjusting for one-time IPO-related costs.

Further details on the calculation of adjusted operating profit, including a reconciliation to GAAP operating profit, are provided in the appendix.

(Slide 22: Net Income)
Net income attributable to our ordinary shareholders was $3.9 million in the first half of fiscal year 2027, a decrease of 18.9% from $4.8 million in the same period last year. On a Japanese yen basis, net income attributable to ordinary shareholders decreased by 11.8%.

The larger decline in U.S. dollar terms primarily reflected the impact of the weaker yen and the different exchange rates used for the two periods.

The decrease in net income primarily reflected the absence of a one-time gain on bargain purchase recognized in the prior-year period. In addition, higher R&D investment and a one-time IPO-related share-based compensation expense largely offset the increase in gross profit. These factors were partly offset by lower income taxes.

Excluding one-time items, the expansion of our gross margin and adjusted operating profit achieved while continuing to invest in R&D, underscores the continued strengthening of our core profitability.

(Slide 23: Balance Sheet)
Next, I will discuss our financial position.

As of August 31, 2026, we had cash and cash equivalents of $66.3 million, compared with $52.9 million as of February 28, 2026. This increase was supported by net proceeds from our IPO and positive operating cash flow.

Total assets were $155.2 million, compared with $156.6 million at the end of the previous fiscal year. This slight decrease in U.S. dollar terms primarily reflected foreign exchange translation effects, while total assets increased slightly on a Japanese yen basis.

Total liabilities decreased to $76.8 million from $101.4 million, reflecting the full repayment of short-term borrowings and continued repayment of long-term debt.

Total equity increased significantly to $78.5 million from $52.7 million, driven by IPO-related share issuance and the reclassification of redeemable shares. With total assets also lower after debt repayment, our equity ratio also improved substantially.

Overall, we have strengthened our balance sheet, reduced leverage and enhanced our financial flexibility to support the execution of our growth strategy.

(Slide 24: Cash Flow)
Now, turning to our cash flows – in the first half of fiscal year 2027, we continued to generate positive operating cash flow, with net cash provided by operating activities of $8.7 million. This was mainly driven by net income and collections of accounts receivable and contract assets.

Net cash used in investing activities was $0.8 million, mainly due to purchases of property and equipment and intangible assets.

On the financing side, net cash provided by financing activities was $6.6 million. This mainly reflected net proceeds from our IPO, partly offset by the repayment of borrowings.

Our cash flow profile remained solid, supported by steady cash generation from our operations and a stronger financial position following our IPO.

The first half of fiscal year 2027 marked an important period for Micware.

During this period, we strengthened our financial foundation through our IPO, improved the profitability of our core business, and increased our investments to support future growth. In September, we also took an important step forward by launching our platform-based growth strategy, centered on micAuto-PF and DynaPlanet-PF.

As we move forward, we will continue to pursue new opportunities across the mobility and digital spaces, while remaining committed to creating value for our customers, partners, employees, and shareholders. Through these efforts, we aim to strengthen our competitive position and drive sustainable, long-term corporate value creation.

This concludes my presentation. Thank you very much for listening.

(Q&A Session)

【IR Kawashima】

Thank you very much. We will now move on to the Q&A session.

Today's session will be conducted in the format of addressing questions that were submitted in advance.

Please note that while we will not be taking live questions during this session, you can submit your questions by clicking on the "Q&A" button in the menu bar at the bottom of your screen. When submitting a question, please include your full name and company name. All submissions will remain private and will not be visible to other participants. We will get back to you with a response as soon as possible following the conclusion of this call.

During this Q&A session, Mr. Narushima and Mr. Segawa will respond in Japanese, with consecutive English interpretation provided by a member of our IR team.

Thank you for your understanding.

Q1: For the first question, Micware recently took full ownership of its North American subsidiary and opened an expanded office in Ohio. What role will North America play in your growth?

【CEO Narushima】

This is Narushima, and I will take this question.

We see North America as an important market for expanding our customer relationships and developing new business opportunities beyond Japan.

Our North American operations have been focused on providing automotive software development services to Japanese OEMs operating overseas. By making Micware North

America a wholly owned subsidiary and expanding our office in Ohio, we aim to strengthen our local capabilities and work more closely with customers in the region.

Looking ahead, as the automotive industry continues its transition toward software-defined vehicles, we see opportunities to apply the expertise we have developed in Japan to a broader range of customer needs in North America. We also aim to deepen our existing OEM relationships and explore opportunities with new customers and partners.

Thank you.

【IR Kawashima】

Let's now move on to the second question.

Q2: With the launch of your platform-based growth strategy, how will Micware's business model evolve over time?

【CEO Narushima】

Let me take this question, too.
So, today, most of our value is delivered through individual development projects. Through our platform strategy, we aim to deploy our technology assets more broadly.

Over many years, we have built technology, software, data, and development expertise through in-vehicle software development. Our goal is to turn these into reusable assets within our platforms, and to deliver value through services, licensing, and data provision. This means our revenue can grow in new ways. For micAuto-PF, we aim to add revenue from the use of our software and services, in addition to development work. For DynaPlanet-PF, we aim to build revenue from data provision and licensing, solutions and services, and ecosystem and marketplace revenue.

We believe this will make our business more scalable, while our development business continues to provide a strong base.

Thank you.

【IR Kawashima】

Moving on to the next question.

Q3: How do micAuto-PF and DynaPlanet-PF work together, and what synergies do you see between them?

【CEO Narushima】

Great question – these two platforms are designed to complement each other. micAuto targets mobility moving through the real world, while DynaPlanet targets the cities and buildings around it.

We see opportunities for the two platforms to reinforce each other. Sensor data from mobility, such as dashcam data, can be used to generate and update digital spaces in DynaPlanet. In turn, analysis and simulations carried out in these digital spaces can be applied back to real-world services.

Through this connection, we aim to create value across mobility, cities, facilities, and logistics. We believe this ability to link mobility and digital spaces, built on our experience in both in-vehicle software and location-based services, is a key strength of our strategy.

Thank you.

【IR Kawashima】

Moving on to the next question.

Q4: You are actively investing in R&D. How do you expect these investments to generate returns?

【CFO Segawa】

This is Segawa. That’s a good question. I will take this one.

Our R&D investments are directed toward our two core platforms.

The first, micAuto-PF, is in an area closely related to our existing automotive software business. We believe that investments in upstream processes, SDV-related technologies, and the use of AI to streamline development will yield returns in the form of securing higher-value-added development projects and improved profitability. The improvement in our gross profit margin this fiscal year is also a direct result of these efforts.

For the second platform, DynaPlanet-PF, we have begun generating revenue from enterprise solutions, such as PreSpot for stadiums, and plan to launch DynaPlanet Studio in January 2027. Following that, we intend to expand our revenue opportunities into data provision, licensing, and a marketplace as our creator and user bases grow.

Thank you.

【IR Kawashima】

Next question.

Q5: R&D expenses increased significantly in the first half of fiscal year 2027. How do you think about balancing this investment with near-term profitability?

【CFO Segawa】

Let me address this question.

So, our approach is to continue strengthening the profitability of our core business while investing in technologies that can support our next phase of growth.

During the first half of fiscal year 2027, we improved our gross margin and grew adjusted operating profit, even as we increased R&D spending. This reflects the strength of our existing automotive software business. Our successful IPO has also strengthened our financial position, providing additional flexibility to support these investments.

For DynaPlanet, we are also seeing early progress toward commercialization. DynaPlanet-related services have started generating revenue, and we are preparing for the planned launch of DynaPlanet Studio in January 2027.

We expect to continue investing in R&D, but our focus remains on maintaining a profitable core business while gradually expanding the commercial opportunities for our new platforms. We believe this approach supports Micware's long-term growth.

Thank you.

【IR Kawashima】

Moving on to the next question.

Q6: Following the IPO, Micware's balance sheet has strengthened significantly. How does this support your growth strategy, and what are your priorities for capital deployment?

【CFO Segawa】

I will provide further context on this.

Our stronger balance sheet gives us greater financial flexibility to execute our long-term growth strategy. As of August 31, 2026, we had $66.3 million in cash and cash equivalents, while our business generated $8.7 million in operating cash flow during the first half.

Our primary growth investment priority is the development and commercialization of our two platforms, micAuto-PF and DynaPlanet-PF.

We plan to allocate 30% of our growth investment to micAuto-PF, which focuses on strengthening the competitiveness of our existing business, and 70% to DynaPlanet-PF, with the goal of building our existing technologies and expanding their applications beyond individual software development projects.

The remaining proceeds are intended to support general corporate purposes, strategic investments in complementary technologies and business opportunities within our SDV and LBS segments, as well as marketing and advertising activities.

Our focus is to use this stronger financial position to support our established business while advancing the platforms that we believe can create additional growth opportunities over time.

Thank you.

【IR Kawashima】

Now for the last question.

Q7: Micware's revenue is concentrated among a few customers, with Honda accounting for more than half. How is your progress in acquiring new OEM customers?

【CEO Narushima】

I will address this one.

Our long-term relationships with Honda and Toyota—both of which are also our shareholders—are a major strength, and we will continue to deepen them.

At the same time, expanding our customer base is a key priority. Through micAuto-PF, we offer OEM consulting and SDV services in a more standardized format, enabling us to reach out to OEMs beyond our existing customer base. We are currently in discussions with several automakers both in Japan and overseas, leveraging our North American offices.

Because the automotive industry has long development cycles, it takes time for new relationships to translate into revenue; however, we are currently in the midst of several business negotiations. We will provide an update once we are at a stage where we can officially announce them.

Thank you.

Micware Co., Ltd.

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【IR Kawashima】

This concludes today’s earnings call.

Thank you very much for taking the time to join us. If you have any questions or would like to speak with our management team, please feel free to contact our IR team using the contact information provided here.

We will do our best to respond to you as promptly as possible.

Once again, we would like to express our sincere gratitude for your interest in and support of Micware.

Thank you.