

Micware Co., Ltd.

Earnings Call for Fiscal Year Ended February 2026
July 1, 2026 | 8:00 a.m. U.S. Eastern Time (9:00 p.m. Japan Standard Time)

Company Speakers:

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

【IR Kawashima】

(Slide 1: Title)

Good day, ladies and gentlemen. Thank you for taking the time out of your busy schedules to join us today for Micware's earnings call.

I'm Maiko Kawashima, Micware Co., Ltd.'s Head of Investor Relations. We will now begin our earnings call for the fiscal year ended February 28, 2026.

After the presentation, we will address questions that were submitted in advance. Please note that all parties will be in a listen-only mode during the call. A video replay of this call will be made available on our IR website at a later date.

Let me begin by introducing today's speakers.

Joining us are our Chairman and Chief Executive Officer, Mr. Kenji Narushima and our Chief Financial Officer, Mr. Takuma Segawa. We would also like to acknowledge the presence of our Chief Technology Officer, Mr. Masahide Shigeno, our Chief Operating Officer, Mr. Hideaki Tokuhara, and our Chief Global Officer, Mr. Teruaki Koshiba.

Today's presentation will begin with an overview of our growth strategy from our CEO, Mr. Narushima. Following that, our CFO, Mr. Segawa, will provide an overview of our financial results. After the presentation, we will conduct a question-and-answer session to address some key topics and areas of interest regarding our results.

Unless otherwise noted, please be advised that all figures and growth rates referenced in this presentation are based on our USD results, with USD/JPY exchange rates of \$1=¥150.64 for FY 2025 and \$1=¥156.05 for FY 2026.

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(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.

During today's presentation, Mr. Narushima and Mr. Segawa will deliver their remarks in Japanese, and a member of the IR team will provide the corresponding English translations.

With that, I will now turn the call over to Mr. Kenji Narushima, the Company's Chairman and Chief Executive Officer. Mr. Narushima, please go ahead.

【CEO Narushima】

(Slide 3: FY2026 Overview)

This is Narushima. Thank you for taking the time to join Micware's FY 2026 Earnings Call today.

This is our first earnings call following our initial public offering and Nasdaq listing on May 14, 2026. Please note that these financial results are our pre-IPO results. I would like to begin by expressing our sincere appreciation to everyone who has supported Micware along the way. We are truly honored to have reached this milestone, which represents both a major achievement and the beginning of a new chapter for the Company.

(Slide 4: Micware at a Glance: FY2026 Financial Highlights)

As we embark on this new chapter, I would like to start with an overview of our FY 2026 financial performance.

For FY 2026, we recorded revenue of \$140.3 million, representing a slight year-over-year increase of 0.1%. While revenue remained largely in line with the previous year, profitability continued to improve. Gross profit increased by 5.1% year over year to \$51.6 million, and gross

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margin expanded by 1.8 percentage points to 36.8%.

On the profit side, operating profit rose by 5.6% to \$15.1 million, while adjusted operating profit reached \$15.6 million. Net income increased 17.0% year over year to \$10.3 million.

In FY 2026, we were able to improve profitability while maintaining a stable revenue base. We believe that these results were driven by the steady performance of our core automotive software business, our continued efforts to enhance profitability, and our ongoing investment in future long-term growth areas.

(Slide 5: Micware at a Glance: FY2026 Key Takeaways)

Next, I would like to highlight three key takeaways from our FY 2026 performance.

First is our continued improvement in profitability that has supported our revenue growth. Gross margin improved by 1.8 percentage points year over year to 36.8%. This resulted in record-high margins and sustainable profitability rather than one-off gains.

Second, we achieved both growth in investment and expansion in earnings. During the fiscal year, we actively increased investment for future growth, including a 40.0% year-over-year increase in R&D expenses. At the same time, both operating profit and adjusted operating profit increased, allowing us to deliver steady profit growth while continuing to invest in our growth initiatives. We believe this demonstrates how our business foundation enables us to balance investment in future innovation with sustained earnings growth.

Third is our growth in our Software Defined Vehicle or SDV business, supported by our long-standing relationships with major OEMs. We have built strong, trusted relationships over many years with major automotive manufacturers in Japan, including Honda, Toyota, Mazda, and Daihatsu. These partnerships, characterized by long development cycles, support recurring and follow-on opportunities.

(Slide 6: Micware at a Glance: Where We Are Headed)

Next, I would like to briefly look back on our growth journey to date and then outline our growth strategy moving forward.

Since our founding in Kobe, Japan in 2003, we have consistently focused on software

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development in the mobility domain, beginning our business with the development of software for car audio and navigation systems. Since then, by steadily strengthening our technological capabilities and building trusted relationships with our customers, we have grown into one of the leading Japan-based IVI Tier 1 software suppliers. Today, we have scaled into a global team with approximately 600 employees worldwide.

And now, we are entering the next stage of our growth.

We have evolved from a software developer for car audio and navigation systems into a Tier 1 software supplier supporting the broader automotive ecosystem. Looking ahead, we aim to further evolve into a platform provider that supports next-generation mobility by accelerating our global expansion and creating new business opportunities.

Through these initiatives, we aim to create new value beyond our traditional business domains and drive mid- to long-term growth in corporate value.

(Slide 7: Micware at a Glance: DynaPlanet, an Intelligent 3D Platform)

One initiative that symbolizes our evolution into a platform provider is DynaPlanet.

DynaPlanet is the platform that we have been developing under the name “DSMM”, or “Dynamic Street Map and Marketplace”. As we look ahead to future business expansion, we have rebranded it to DynaPlanet to establish a name that is more suitable for global deployment.

DynaPlanet is a next-generation 3D platform that leverages AI to integrate location data with a wide range of digital content. Its first product is Dynamic Share Map, a consumer-oriented digital platform that aggregates and organizes location-based content, including text, images, audio, video, and 3D content, with the aim of creating new value and enabling monetization. At this point, please take a look at a 3D content video of Himeji Castle, created using Dynamic Share Map.

(video plays)

In addition, as announced yesterday, we introduced a new service called “PreSpot”, with the full product launch expected at a later date. PreSpot is a service that utilizes 3D spatial technology to recreate entire stadium environments, allowing users to preview the view from their seats in advance and to experience the route to their seats as if they were actually there. Through this, DynaPlanet aims to create new services and revenue opportunities by combining digital

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content, location data, and AI.

(Slide 8: Micware at a Glance: Business Segment)

Including these initiatives, we currently operate through three business segments.

First, “Software Defined Vehicles” or our “SDV” business, where we develop and provide next-generation mobility software, centered on IVI system software.

Second, “Location-Based Services” or our “LBS” business, where we provide navigation software and location-based services. DynaPlanet, which I introduced earlier, is positioned within this segment.

Third, “Other Services”, which comprise software development services provided by our overseas subsidiaries, as well as B2C mobile app services.

(Slide 9: Looking ahead: Future Growth Investment Priorities)

Building on this business foundation, we will allocate resources to two key areas, SDV and LBS, to accelerate our growth going forward.

In terms of our growth investment, we plan to allocate 30% to the SDV domain, aimed at strengthening the competitiveness of our existing businesses, and 70% to the LBS domain, aimed at creating new growth opportunities.

In the SDV domain, we will leverage the strengths of our existing in-vehicle software business while continuing to invest in micAuto-PF, our proprietary IVI software platform, to enhance our competitiveness in next-generation automotive software development.

In the LBS domain, we will focus on developing businesses capable of generating recurring revenue. Through investments in new platform businesses, including DynaPlanet, we aim to create new growth opportunities.

I will discuss each of these strategic priorities in more detail on the following slides.

(Slide 10: Looking ahead: Growth Strategies)

Our first strategic priority is to evolve from an IVI Tier 1 software supplier to an SDV Tier 1 software supplier. Building on the long-term partnerships we have developed with OEMs, we aim to further

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expand our participation in upstream development and broaden our involvement across the vehicle development process. Furthermore, we seek to accelerate talent acquisition and retention through geographic and industry expansion. In addition, we aim to advance into advanced driver assistance systems and autonomous driving integration, while continuing to enhance our business and technical development capabilities to support scalable, next-generation vehicle software solutions.

(Slide 11: Looking ahead: Growth Strategies)

Our second strategic priority is to expand and monetize our 3D spatial platform software services. This service is a consumer-facing digital platform that aggregates and organizes location-based multimedia content, including text, images, audio, and video, with the aim of creating new value and enabling monetization. Through this initiative, we aim to establish new revenue streams in addition to our OEM-focused business.

In particular, we will reduce our reliance on traditional project-based revenue and transition to a business model that generates recurring revenue through data-driven services. At the same time, we will expand into B2B and B2G markets in new and overseas markets, while strengthening our data acquisition and utilization capabilities to build a solid business foundation that supports long-term growth. Through these efforts, we aim to establish a more diversified and stable revenue base alongside our core OEM-focused business.

As a publicly listed company, we will continue to focus on steady business execution, technological development, and enhancing corporate value over the mid- to long-term.

Thank you for listening, and I would now like to turn the call over to our Mr. Segawa, who will walk you through our financial results in detail. Mr. Segawa, please go ahead.

【CFO Segawa】

(Slide 12: FY2026 Financial Results)

Good morning, everyone. This is Micware's CFO, Segawa. Please note that these financial results are our pre-IPO financial results.

(Slide 13: Micware at a Glance: Recent Key Milestones)

Before discussing the detailed financial results, I would like to briefly look back on the past six months and highlight several key developments that marked important milestones for our Company.

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First, in December 2025, we opened our new office in New York as part of our efforts to further strengthen our global expansion. This has strengthened our business foundation in the US and established a structure to support our international expansion strategy. A few months later, in March 2026, we launched Dynamic Share Map.

Furthermore, this May, we achieved a major milestone for our Company with our listing on the Nasdaq Global Market. Through our IPO, we raised \$22.8M. This was followed by the full exercise of the underwriters' over-allotment option, which generated an additional \$3.4 million, bringing total proceeds to \$26.2M.

In the same month, we were also honored to receive Honda Motor's "Excellent Appreciation Award" in the Development Division. This recognition reflects our ability to establish robust development processes in large-scale projects, which contributed to improved product quality and reduction in abnormal costs.

Finally, in June 2026, we rang the Nasdaq Closing Bell to celebrate Micware's transition into a publicly listed company, together with our employees, partners, and everyone who have supported us along the way.

Taken together, these milestones reflect a year of meaningful progress on multiple fronts: deepening the trust of our automotive partners, advancing our global expansion, building new growth platforms, and taking the important step of becoming a public company.

(Slide 14: FY2026 Financial Highlights)

Based on these business and corporate developments, I will now walk you through our financial results for the fiscal year ended February 28, 2026, beginning with our revenue.

Revenue increased to \$140.3 million in FY 2026, representing an increase of 0.1% from \$140.2 million in FY 2025. While revenue was essentially flat on a U.S. dollar basis, it increased by 3.7% year over year on a Japanese yen basis, excluding the impact of foreign exchange. This is indicative of how our underlying business performance remained solid.

By service line, software development services remained our core revenue source.

The increase in revenue was primarily driven by the shift to successor vehicle development

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projects in the SDV domain, as well as the expansion of connected mobility services and progress in a next-generation development project in the LBS domain. While some projects experienced revenue declines due to completion or progression to later stages, overall revenue increased on a year-over-year basis.

Licensing revenue was supported by higher OEM-related license fees, newly launched vehicle models, and the addition of a new customer. On the other hand, while revenue from certain older vehicle models and some connected services declined, overall licensing revenue remained solid.

Software-related services also recorded higher revenue year over year, driven by contributions from acquired businesses and an increase in projects for a non-OEM customer. While there was a decrease in revenue due to the termination of certain technical support services, overall performance remained solid.

(Slide 15: FY2026 Financial Highlights)

Looking at our revenue breakdown by service line, software development services continued to be our core business, representing approximately 80% of total revenue in fiscal year 2026. This level was broadly consistent with the previous fiscal year, and the segment continues to serve as the foundation of our business.

Licensing revenue remained a stable source of earnings, while software-related services, although still representing a relatively small portion of total revenue, continued to grow. While LBS-related licensing revenue remained stable, its share of total revenue declined relative to the growth of other businesses.

As we look ahead, we are actively investing in DynaPlanet and micAuto-PF. Through these strategic investments, we aim not only to strengthen the competitiveness of our existing businesses but to also establish a new business foundation capable of generating recurring revenue.

(Slide 16: FY2026 Financial Highlights)

Turning to our gross profit, we continued to deliver steady improvement in profitability. Gross profit increased to \$51.6 million in FY 2026, representing an increase of 5.1% from \$49.1 million in the previous fiscal year. On a Japanese yen basis, gross profit grew 8.9% year over year, excluding the impact of foreign exchange.

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Gross margin expanded to 36.8%, an increase of 1.8 percentage points from 35.0% in the prior fiscal year, driven by the cost of revenue increasing at a lower rate than revenue. This improvement was primarily attributable to a higher portion of value-added upstream processes, such as design and development work, within projects for related parties, which resulted in a more favorable project mix and contributed to improved profitability.

(Slide 17: FY2026 Financial Highlights)

Adjusted operating profit increased to \$15.6 million in FY 2026, representing an increase of 2.0% from \$15.3 million in the previous fiscal year. On a Japanese yen basis, adjusted operating profit increased by 5.1% year over year, excluding the impact of foreign exchange. The increase in adjusted operating profit was driven by gross margin expansion and disciplined SG&A expense control.

At the same time, we have continued to make strategic investments for future growth, including increased R&D spending, particularly in DSMM, now known as DynaPlanet. In this way, we were able to achieve both improved profitability and continued investment in growth.

Please be advised that the details regarding the calculation of the adjusted operating profit and reconciliations to GAAP operating profit are provided in the appendix section of this presentation.

(Slide 18: FY2026 Financial Highlights)

Net income attributable to our ordinary shareholders increased to \$10.3 million in FY 2026, representing an increase of 17.0% from \$8.8 million in the previous fiscal year. On a Japanese yen basis, net income increased by 20.4% year over year, excluding the impact of foreign exchange. The increase was primarily driven by overall improvement in financial performance, led by growth in our operating profit. In addition to improvements in gross and operating margins, other income, including gains related to acquisitions and foreign exchange, also contributed to our earnings. Although R&D investment and tax expenses increased, we were able to achieve profit growth that more than offset these factors.

(Slide 19: Balance Sheet)

Next, I will discuss our financial position.

As of February 28, 2026, the Company had cash and cash equivalents of \$52.9 million, compared to \$50.9 million at the end of the prior fiscal year. This reflects our continued ability to maintain a

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solid financial foundation to support continued investment in growth.

Total assets were \$156.6 million as of February 28, 2026, compared with \$152.5 million at the end of the previous fiscal year.

Total liabilities decreased to \$101.4 million, compared with \$107.5 million in the prior year.

Total equity increased to \$52.7 million, compared with \$44.6 million as of February 28, 2025.

Overall, we have continued to strengthen and enhance the flexibility of our balance sheet, positioning us to execute our growth strategy going forward.

(Slide 20: Cash Flows)

Next, I will touch on our cash flows.

In the fiscal year ended February 2026, we continued to generate positive operating cash flow, with net cash provided by operating activities totaling \$13.3 million. This was primarily driven by solid net income and stronger customer cash collections from software development services and licensing revenue. We will continue to maintain stable cash generation capabilities.

Meanwhile, we also continued to invest in long-term growth, with net cash used in investing activities totaling to \$5.1 million. This was primarily attributable to strategic investments, capital expenditures, and acquisitions, all of which are aimed at strengthening our mid- to long-term growth foundation. On the financing side, net cash used in financing activities was \$4.8 million, primarily reflecting loan repayments during the year.

Our cash flow profile remained solid, supported by continued operating cash generation and continued execution of our growth initiatives.

FY 2026 was an important year for Micware.

In addition to advancing our global expansion and delivering solid financial performance, we have made steady progress in executing our growth strategies in SDV and DynaPlanet. In May, we have also completed our listing on Nasdaq, marking the first step into a new chapter of growth.

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As we move forward, we will continue to capture the growth opportunities arising from the transformation of the automotive industry, while striving to meet the expectations of our customers, partners, employees, and shareholders, and to enhance our corporate value over the mid to long term.

This concludes my presentation and thank you very much for listening.

(Q&A Session)

【IR Kawashima】

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

Today's session will be conducted in the format of addressing questions that were submitted in advance. Please note that we will not be taking live questions during this session. Thank you for your understanding.

Let me begin with the first question.

Q1: In FY 2026, software development services continued to account for the largest portion of revenue. How do you plan to leverage this business structure to drive your mid- to long-term growth?

【CEO Narushima】

I will ask our CFO, Mr. Segawa, to respond to this question. Mr. Segawa, please go ahead.

【CFO Segawa】

This is Segawa. Software development services will continue to serve as the foundation of our business. In the fiscal year ended February 28, 2026, this segment generated revenue of \$112.3 million, accounting for approximately 80% of our total revenue.

This business includes automotive software development across a broad range of areas, including IVI, SDV, navigation, multimedia, and connectivity-related solutions. Beyond its scale, this business also serves as a key source of our competitive advantage, supported by our long-standing relationships with OEMs, deep expertise in vehicle development processes, and the recurring opportunities it generates for follow-on and additional development projects. The technological capabilities and customer base we have built through this business form a critical foundation for our evolution from an IVI Tier 1 software supplier to an SDV Tier 1 software

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supplier.

This stable revenue base also supports our investments in new growth areas, including DynaPlanet and micAuto-PF. By leveraging this foundation, we aim to create a positive cycle in which we can both grow our existing businesses and also generate new growth opportunities. Through this approach, we are executing a strategy that balances profitability and investment, while driving expansion across all of our revenue segments.

This concludes my answer to this question, thank you.

【IR Kawashima】

Let's now move on to the second question.

Q2: R&D expenses increased significantly in FY 2026, largely related to DynaPlanet. Could you provide an update on DynaPlanet's development status and commercialization timeline?

【CEO Narushima】

I will take this question.

Our DynaPlanet platform is a core initiative within our mid- to long-term growth strategy, and we are advancing its development based on a multi-year plan.

Over the past several years, we have focused on foundational research, concept design, building our development structure, and developing core technologies. In the fiscal year ended February 28, 2026, we have made significant progress not only in advancing our core technologies, but also in developing the platform at the service level. We have also made steady progress in securing intellectual property, including patent filings and licensing.

Looking ahead, we plan to begin full-scale service and platform development in the fiscal year ending February 28, 2027, planning to focus on enhancing service value and expanding globally.

From the fiscal year ending February 29, 2028, onward, we aim to expand the scale of the business and create new revenue opportunities through further enhancement of functionality and continued market expansion.

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We position DynaPlanet as a key strategic initiative to expand into new growth areas, leveraging the technological capabilities we have developed through our existing software development business.

Looking ahead, we aim to diversify our revenue sources through the growth of this platform, while building a business foundation that can generate recurring revenue alongside our automotive software business.

That's my answer to this question, thank you.

【IR Kawashima】

Let's now move on to the next question.

Q3: Your relationships with Honda and Toyota represent an important part of your revenue base. How do you plan to leverage these partnerships in your future growth strategy and in expanding your customer base?

【CEO Narushima】

I will be taking this question as well.

Honda and Toyota are important long-term partners for our Company, as well as shareholders.

In the fiscal year ended February 28, 2026, both the Honda Group and the Toyota Group continued to be key customers, accounting for a significant portion of our revenue. We believe these relationships reflect the strong trust we have built over many years through our automotive software development work.

As part of our mid- to long-term customer strategy, we aim to further deepen our relationships with key OEMs, including Honda and Toyota, while also expanding our customer base. In fact, we have already engaged with a broad range of companies across the automotive industry, including Mazda, Daihatsu and Denso. As we expand our business scope from IVI to SDV, we believe these long-standing customer relationships will serve as a critical foundation for capturing new business opportunities and supporting sustainable growth.

That's my answer to this question, thank you.

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【IR Kawashima】

Let's move on to the next question.

Q4: Micware currently has subsidiaries in the U.S., Thailand, and Germany. How do these overseas operations support your global expansion and mid- to long-term growth?

【CEO Narushima】

I will take this question.

Our overseas subsidiaries serve as important bases that support customer engagement outside Japan and the development of new business opportunities. While Japan remains our core market, our customer base includes major Japanese OEMs that operate globally. By maintaining a presence in the United States, Thailand, and Germany, we are able to more effectively support our customers' international operations. At the same time, these locations enable us to expand access to talent and partnerships, while also building a foundation for the future expansion of our overseas business.

We view our global network of subsidiaries as an important foundation supporting the growth of both our SDV business and new initiatives, such as DynaPlanet. As part of our mid- to long-term growth strategy, we are continuing to strengthen this global footprint to support future expansion.

That's my answer to this question, thank you.

【IR Kawashima】

In the interest of time, we will now take the last question.

Q5: How do you balance investment in organic growth initiatives with potential strategic investment opportunities, including M&A?

【CEO Narushima】

I will also be taking this question.

Our highest priority in capital allocation is growth investment.

We plan to drive business expansion through continued investment in technology development,

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product and platform enhancement, and talent. At the same time, we will actively explore strategic M&A and partnerships, while maintaining discipline, that can strengthen our technological capabilities, expand our customer base, and enhance our competitiveness.

Going forward, we will carefully assess strategic fit and return on investment, while maintaining an appropriate balance between organic growth and M&A to enhance corporate value over the long term.

In terms of our investment discipline, we establish KPIs for each investment and development project, and conduct annual reviews based on the achievement of these KPIs. Until profitability is achieved, decisions on whether to continue or revise investments are made based on progress against these KPIs.

That's the end of my answer.

【IR Kawashima】

This concludes today's earnings call. Thank you very much for taking the time to join us today. If you have any questions, please feel free to contact our IR team using the contact information provided here. We will do our best to respond to your questions as promptly as possible.

Once again, we would like to express our sincere gratitude for your interest in and support in Micware. We look forward to your continued support. Thank you so much.