

# CRI Middleware Co., Ltd.

**3698**

Tokyo Stock Exchange Standard Market

Company Information >>>

Valuation Report >>>

6-Jul.-2026

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## Summary

### First-half results were in line with the plan, and the medium-term growth strategy has gotten off to a smooth start

#### 1. Supplies middleware and other products and services under the gaming and mobility-focused CRIWARE brand

CRI Middleware Co., Ltd. <3698> (hereafter, also “the Company”) licenses software products, mainly under the CRIWARE and OPTPiX brands, and provides contract development and sound production services related to the sale of its product licenses. The Company’s business is divided into two segments—the Gaming Business and the Enterprise Business. In the Gaming Business, it provides audio and video middleware and image optimization solutions for the smooth and efficient development of video games, as well as audio production services using voice actors. The Enterprise Business is focused on areas other than gaming, particularly the mobility (e.g., in-vehicle devices), embedded (e.g., home appliances), and cloud solutions fields. It leverages audio and video technologies cultivated in the Gaming Business to provide audio and video middleware and solutions and conducts related contract development. The Company’s strengths lie in its proprietary digital signal processing technologies.

#### 2. In the first half of FY9/26, results were in line with the plan. For the full year, higher sales and profit are projected, driven mainly by growth in the mobility field

In the first half of FY9/26, net sales decreased 0.4% year on year (YoY) to ¥1,849mn and operating profit fell 22.3% to ¥301mn, resulting in lower sales and profit. Actual results appear to have landed in line with the plan, mainly due to the absence of bulk licensing revenue from the karaoke business recorded in the same period of the previous year. For the full year of FY9/26, the Company has left its initial forecast unchanged and expects net sales of ¥3,910mn (up 13.4% YoY) and operating profit of ¥600mn (up 8.2%). Sales are expected to continue growing, particularly in the middleware/tools and mobility fields. In addition, the Company has rolled out new technologies and measures aimed at medium-term growth, including the launch of the audio analysis lip-sync middleware CRI LipSync Alive and the video solution CRI DietCoder Bridge, as well as a development partnership agreement with DSP Concepts, Inc., which provides audio-related software technology.

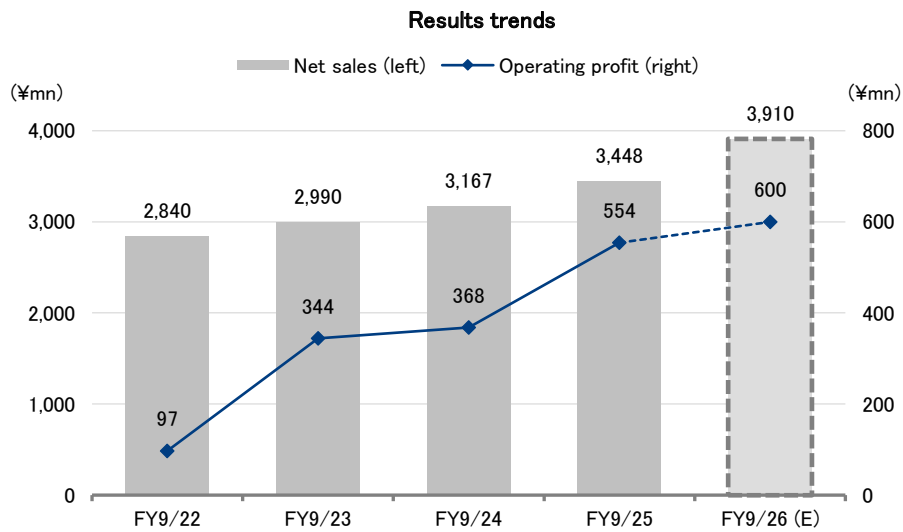
#### 3. The medium-term management plan has gotten off to a smooth start. Aims to grow by developing the three pillars of its core businesses

The Company is promoting the CRI Group Medium-Term Management Plan (2026–2030), which adds non-business-specific strategies, policies, and other elements to the growth strategies for each existing business. In the medium term, it will shift to a business structure in which the three pillars of mobility, gaming, and online communication will be its core businesses. In the mobility field, it aims to grow its CRI ADXAT audio products and CRI Glassco graphic products. In the Gaming Business, it plans to pursue market penetration of the CRIWARE brand in Japan, enhance its account sales structure in China, and resume growth in Europe and the US. In the Online Communication Business, it intends to pursue market development based on two axes: CRI TeleXus and cloud solutions. Based on this, its targets for FY9/30 include net sales of ¥10.0bn and operating profit of ¥2.0bn (20% operating profit margin), and FY9/26 appears to have gotten off to a smooth start.

Summary

Key Points

- Developing licensing business in fields such as games and mobility; strengths in digital signal processing technology
- In the first half of FY9/26, results were in line with the plan. The Company expects higher sales and profit for the full year, driven by mobility and other businesses in the second half
- Under its medium-term management plan, the Company is nurturing three pillars and aims to achieve net sales of ¥10.0bn and operating profit of ¥2.0bn by FY9/30



Source: Prepared by FISCO from the Company's financial results

## ■ Company profile

### Provides middleware for gaming and automotive applications

#### 1. Company profile

The Company is engaged in the licensing of specialist audio and video middleware\*, primarily under the CRIWARE and OPTPIX brands, and the provision of related technical support. The Company's strength lies in digital signal processing technology for audio and video that it has developed in house. It operates a Gaming Business and an Enterprise Business. In the Gaming Business, it provides middleware and image optimization solutions. It has a large share of the domestic gaming market, particularly in audio middleware. Furthermore, its subsidiary is also engaged in audio production. In the Enterprise Business, it leverages technology cultivated in the Gaming Business, and offers products focusing on mobility fields, embedded for home appliances and IoT devices, and cloud solutions utilizing web video and image. In the medium to long term, it plans to transform its business structure, which is currently dependent on the domestic Gaming Business, and expand the three pillars of mobility, gaming, and online communication as its core businesses worldwide. It aims to achieve net sales of ¥10.0bn by FY9/30.

\* Middleware: The software layer that lies between (middle) the hardware or operating system (OS) and the application software. Middleware supports the smooth operation and development of applications by controlling hardware and OS characteristics. Middleware helps to improve software quality, reduce development man-hours, shorten development time, and lower development complexity while also making it possible to easily deploy applications on various different platforms.

### Expanding scope of business based on middleware development

#### 2. History

The Company's predecessor company is CSK Research Institute Corporation, a subsidiary of CSK Corporation (now SCSK Corporation <9719>) founded in 1983 as a software technology laboratory. In its early days, the Company conducted research into AI and other technologies, but its research in the audio and video field led to a deepening relationship with SEGA Enterprises, Ltd. (now SEGA Corporation), a CSK Group company at the time. As a result, it began developing basic software (middleware) and application software (games) for SEGA's home video game consoles. The Company later became a SEGA subsidiary, but SEGA decided in January 2001 to withdraw from the home video game hardware business. CSK Research Institute's middleware business therefore needed to start developing software for other home video game consoles (multiplatform strategy). This prompted CSK Research Institute to spin off its middleware business in August 2001, leading to the establishment of CRI Middleware. The Company's middleware is still used in many titles from SEGA, which retains 12.25% of the Company shares, but the Company has a high degree of management independence and has also increased its business with other gaming companies such as Square Enix Holdings Co., Ltd. <9684> and Bandai Namco Entertainment Inc. Starting in 2011 with the launch of a sales presentation system for smart devices, the Company expanded outside the game industry, and in 2017 entered the mobility field with audio middleware for embedded in-vehicle systems. The Company entered the US in 2006, but decided to exit the market as next-generation game consoles were launched and overseas game titles became larger in scale. However, in 2019, the Company decided to resume overseas expansion, starting with China, where the use of middleware was still a blue ocean. This is supporting the Company's steady growth overseas and, at present, it has begun re-entering the US and European markets.

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Company profile

History

Year	Event
1983	CSK Corporation (now SCSK Corporation) establishes CSK Research Institute Corporation (CRI) in October to conduct R&D into AI, audio/video technology, CD-ROM media
1996	Releases first middleware (CRI ADX, CRI Sofdec, CRI Clipper, etc.) for Sega Saturn™ home video game console
2001	CRI Middleware Co., Ltd. incorporated as wholly owned subsidiary of CRI to develop and sell middleware Created as entity independent from CSK/Sega group to support middleware multiplatform strategy (market diversification) Released middleware for PlayStation®2, Nintendo GameCube® and Xbox® home video game consoles
2002	Opened office (R&D and sales base) in Minami-Aoyama, Minato-ku, Tokyo Launched middleware for game consoles (commercial use) and PCs (Windows)
2004	Becomes independent from parent company through buyout by directors and employees
2005	Head office relocated to Minami-Aoyama, Minato-ku, Tokyo; Japanese company name changed
2006	Established wholly owned consolidated subsidiary CRI Middleware, Inc. in California, US (currently consolidated subsidiary)
2009	Head office relocated to Shibuya, Shibuya-ku, Tokyo Released “i kyuseisyu” audio middleware for iPhone/iPod touch; moved into smartphone software business
2010	Launched CRI ADX7 audio middleware for embedded devices
2011	Released pharmaceutical sales presentation system for smart devices, developed with CSK, marking first move into non-game field Launched D-Amp Driver, “Karu-i-i-ne,” and “Karu-e-e-zo” audio/video middleware for embedded microcomputers
2012	Added CRIWARE support for Unity game engine
2013	Added CRIWARE support for Cocos2d-x and Unreal Engine 4
2014	Listed on Tokyo Stock Exchange (TSE) Mothers Market
2017	Launched CRI ADX Automotive, audio middleware for embedded in-vehicle systems
2018	Acquired all shares in Web Technology Corporation, making it a wholly owned subsidiary
2019	Established consolidated subsidiary CRI Middleware China Co., Ltd. with 70% stake, in Shanghai, China (currently consolidated subsidiary) Acquired all shares in TWOFIVE Co., Ltd., making it a subsidiary (currently consolidated subsidiary)
2020	Acquired all shares in R-FORCE ENTERTAINMENT INC., making it subsidiary (currently excluded from scope of consolidation)
2021	Absorbed wholly owned subsidiary Web Technology Corporation through a merger Head office relocated to Sakuragaoka-cho, Shibuya-ku, Tokyo
2022	Listing transferred to TSE Growth Market Official release of CRI TeleXus, new communication system for virtual spaces such as the metaverse and online games
2023	R-FORCE ENTERTAINMENT INC. excluded from scope of consolidation following sale of all shares Launched CRI SOLIDAS full digital audio solution
2024	Launched CRI Clovis network video playback middleware Launched CRI Glassco graphic development solution, which enables development of human-machine interface (HMI) products
2025	Started developing motorcycle market in India in collaboration with HAGIWARA ELECTRONICS CO., LTD. Launched the audio analysis lip-sync middleware CRI LipSync Alive, which supports all languages through machine learning, for the global market
2026	Transitioned to the Tokyo Stock Exchange Standard Market Began offering the video solution CRI DietCoder Bridge Entered into a development partnership with DSP Concepts, Inc., which provides audio-related software technology

Source: Prepared by FISCO from the Company's securities reports and other materials

## Outside of gaming, the mobility field is growing

### 3. Industry environment

In the gaming industry, the smartphone gaming boom has tailed off and demand is moving back to game consoles and PCs. Also, amid the slump in the popularity of major game titles in recent years due to a range of factors, small-scale indie titles have seen a resurgence. Although the Company targets major domestic game titles, it emphasizes the number of titles over their scale by leveraging its strength in addressing multiple platforms and also provides free products\* with a view to cultivating links with indie developers. In areas other than gaming, it is seeing growth in the mobility field in particular. Since audio functions are needed for multiple places in each vehicle, automakers are shifting from voice ICs to middleware. In this context, the Company's middleware is superior in terms of balancing price and quality and of mitigating procurement risk by using a general-purpose microcontroller. Furthermore, since the importance of graphic solutions is growing due to the increasing sophistication of in-vehicle display instruments, the Company's graphic products are also attracting more interest.

\* Support system for indie game developers; fees are charged only when sales or other performance indicators exceed a certain level.

The Company's competitor in middleware is Canada's Audiokinetic, Inc., which specializes in audio with its Wwise application. Bink Video, which focuses on video, was also a competitor. However, since it was acquired by Epic Games, it has focused on development for Epic Games, so it is now difficult to describe it as a competitor. Unity, supplied by the US company Unity Technologies (Unity Software Inc.) and Unreal Engine, developed by the US company Epic Games, are game engines used to develop entire video games, and therefore compete with the Company's products. However, developers integrate the Company's middleware with these game engines when they want to further enhance audio and video functionalities, so it could be described as a co-existent relationship instead. CRI Middleware is currently reported to hold the leading market share in Japan, but during its temporary withdrawal from overseas markets, Wwise appears to have gained ground in Europe and the US. For this reason, the Company has a strategic goal of capturing market share in the overseas game market.

## Business overview

### Engaged in middleware licensing, related contract development, and audio production

#### 1. Business description

The CRI Middleware Group consists of the Company and two subsidiaries: audio production company TWOFIVE Co., Ltd. and CRI Middleware China which manages operations in China. It is primarily engaged in the licensing of software products under the CRIWARE and other brands, related contract development, and audio production. The Group's operations can be viewed from several angles, as described below.

## Business overview

**(1) Business segments**

Operations are divided into two business segments—the Gaming Business and the Enterprise Business. In the Gaming Business, the Company and its two subsidiaries serve the gaming industry, providing audio and video middleware for smooth and efficient game development and image optimization solutions, while in the audio production business, its activities include voice recording for video game characters and music production. The Company's middleware is very well known among gamers, with the CRIWARE logo appearing on the packaging of many games and on the startup screens of games. The Enterprise Business leverages audio and video-related technologies cultivated in the Gaming Business to provide audio and video middleware and solutions for areas other than gaming. It also conducts related contract development. Specifically, the business is currently targeting three fields: mobility (in-vehicle devices, etc.), embedded for home appliances and IoT devices, and cloud solutions that utilize web video and image technologies.

**(2) Basic technologies developed for the gaming field**

Over the years, the Company has independently conducted research and development into various types of digital signal processing technology, including audio and video, and has repeatedly tested these technologies with customers. This experience and expertise, as well as the trust built up with customers, has enhanced the Company's technical reputation and its corporate value, and consequently the CRIWARE brand. In the audio field, the Company possesses audio signal processing technology that uses digital filters to apply various effects to sound in real time, as well as audio codecs\* compatible with multiple platforms thanks to its in-house developed audio compression technology. It also possesses a number of other technologies in areas such as audio analysis and sound authoring. In video and graphics, the Company has video playback technology that adjusts the timing of rendering and decoding (decompression) processes to match the characteristics of different game consoles and devices, as well as video compression technology that performs real-time processing as an encoding (compression) library, making it more than a simple compression tool. Other technologies include video analytics and video streaming. The Company also develops embedded web API development, lookahead/delayed loading, network technologies, UI/UX design and development, and embedded technologies such as microcontroller control, OS/driver development, and power outage recovery. Furthermore, it has been actively pursuing the use of AI in various fields.

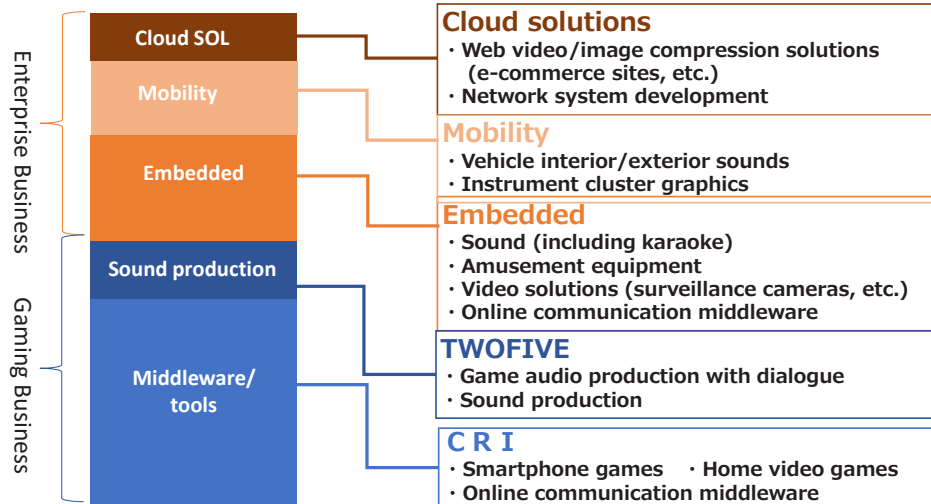
| \* Codec: Technology or program for compressing and restoring digital data such as audio and video |

**(3) Product services and solutions**

The Company provides the advanced audio and video basic technologies it has cultivated in the gaming field to customers as product services and solutions. In product services, they are used in amusement equipment, karaoke, virtual characters, and VR/AR in the entertainment field, in home appliances, IoT, PCs, and signage in the embedded field, in in-vehicle displays, acoustic vehicle alerting systems (AVAS), and driver monitoring systems (DMS) in the mobility field, and in e-commerce sites and online exhibitions in the cloud solutions field. In solutions, its technologies support the development of animation authoring tools for VR equipment and well-known game titles, character content for karaoke companies, sound middleware for automaker instrument clusters, image quality optimization systems for automakers, apparel video blogging systems, and online exhibition systems.

Business overview

Business fields



Source: The Company's financial results supplementary briefing materials

## Middleware used in various fields

### 2. Products and services

In the Gaming Business, the Company's technology supports the development of high-quality games from consoles to smartphones, including compatibility with more than 20 game consoles and various OSs. Key products in the Gaming Business include the flagship CRI ADX integrated sound middleware, CRI Sofdec high-definition, high-performance movie middleware, CRI Clovis network video playback middleware, and CRI TeleXus online communication middleware. Subsidiary TWOFIVE also provides a full range of voice actor services, including coordination of everything from casting to direction by a sound director, recording, processing, editing, and databasing, meeting the needs of game developers who want to use well-known voice actors or create soundscapes that align with the image of their games. In the Enterprise Business, in response to needs such as clear voice, switching from buzzer sounds to voice guidance, reduction in the number of components, and situational rearrangement of audio, the Company has realized low-load, high-quality audio playback using a single-chip microcontroller. Key products in the Enterprise Business include: CRI D-Amp Driver, a reduced circuit high-output sound middleware for the embedded field; CRI SOLIDAS, a full digital audio solution; CRI DietCoder and high-compression transcoding systems; CRI ADX Automotive (CRI ADXAT), a sound development solution for the mobility field; CRI Glassco, a graphics development solution; CRI LiveAct, a web video solution for the cloud solutions field; and OPTPIX SmartJPEG, an image compression solution.

## In-house digital signal processing technology is a strength

### 3. Strengths

In addition to its technical strengths, the Company has strengths in various fields. In technology, its strength lies in digital signal processing technology that can achieve high compression ratios of 1/24 for audio (using audio codecs) and 1/1000 for video while maintaining high quality. Moreover, since it develops such technologies in-house, it has been able to actively pursue development to make audio sound clear and synchronize it with video in real time, even when there are restrictions such as cost limitations. As a result, the Company has gained an advantage in terms of price and quality, enabling it to capture a large share of the domestic gaming market. Furthermore, because it has developed its technologies through a market-focused approach that addresses market trends and customer needs, its middleware is used in a wide range of fields beyond gaming. It also has strengths in each field: the number of supported devices in middleware/tools; offering a one-stop service, from voice actor casting to data conversion, in the audio production field; low-load, high-quality playback using one-chip microcontrollers in the embedded field; support capabilities and consistent quality in the mobility field; and video generation in smartphone browsers in cloud solutions.

## Results trends

### Sales and profits declined, but results were in line with plan

#### 1. 1H FY9/26 results

In the first half of FY9/26, profit declined, with net sales of ¥1,849mn (down 0.4% YoY), operating profit of ¥301mn (down 22.3%), ordinary profit of ¥321mn (down 17.8%), and profit attributable to owners of parent of ¥222mn (down 18.1%). Progress against the full-year forecast stood at 47.3% for net sales and 50.2% for operating profit. Although results showed lower sales and profit and the progress rate appeared weak compared to the same period of the previous year (53.8% for net sales and 69.9% for operating profit), results appear to have been in line with the plan.

#### 1H FY9/26 operating results

	1H FY9/25		1H FY9/26		YoY change
	Results	vs. net sales	Results	vs. net sales	
Net sales	1,855	-	1,849	-	-0.4%
Gross profit	1,137	61.3%	1,181	63.9%	3.8%
SG&A expenses	750	40.4%	880	47.6%	17.3%
Operating profit	387	20.9%	301	16.3%	-22.3%
Ordinary profit	390	21.1%	321	17.4%	-17.8%
Profit attributable to owners of parent	271	14.6%	222	12.0%	-18.1%

Source: Prepared by FISCO from the Company's financial results

Results trends

Although the Japanese economy has shown some weakness in certain areas due to the impact of the situation in the Middle East, corporate earnings have remained at high levels overall despite downward pressure from U.S. tariff policies in the manufacturing sector, while business sentiment has stayed favorable and the economy is recovering gradually. In the business environment, the development of SDVs\* is attracting increasing attention in the mobility industry, and conditions and timing are becoming even more favorable for leveraging the middleware technologies and expertise the Company has cultivated in the gaming industry. Moreover, with the addition of a virtual expo alongside the physical venue at Expo 2025 Osaka, Kansai, Japan, online communication has steadily gained acceptance as a hybrid of the physical and virtual worlds.

\* Software-defined vehicle (SDV): vehicle whose functions and value are upgraded even after it is sold based on software updates.

Under these conditions, the Company has established an R&D system with an eye on markets expected to grow going forward, such as mobility and online communication, while focusing efforts on expanding its business foundation through new product development and the promotion of overseas expansion, as well as generating Group synergies. Results for the first half were down both in sales and profit, mainly due to the decline in 1Q, with net sales decreasing 6.8% and operating profit falling 77.0%. This was primarily due to the absence of bulk licensing revenue from the karaoke business recorded in the same period of the previous year, with results recovering in 2Q as net sales increased 5.2% and operating profit rose 7.3%. Furthermore, it appears that both the 1Q and 2Q were in line with the Company's plans.

The delay in 1Q was due to factors such as a temporary decline in licensing revenues in the domestic and Chinese markets within the Gaming Business, higher upfront costs from increasing sales staff in Europe and the US (where the Company had resumed focused efforts but adoption of CRIWARE remained sluggish), and the absence of bulk licensing revenue from the karaoke business in the Enterprise Business that had been recorded in the same period of the previous year. The bulk licensing revenue from the karaoke business was also a major factor that boosted the operating profit progress rate in the previous first half. Although the Gaming Business recovered and the Enterprise Business also grew strongly in 2Q, centered on the mobility field, net sales for the first half as a whole decreased. In terms of profits, while outsourcing expenses decreased due to fewer contract projects amid sluggish net sales growth, higher R&D expenses in areas such as cloud solutions, increased agent commissions associated with sales growth in the mobility field, higher costs from increasing sales staff in Europe, and the absence of high-margin bulk licensing revenue from the karaoke business all weighed on results, leading to lower operating profit.

As a topic of interest, in December 2025 the Company began offering its voice analysis lip-sync middleware CRI LipSync Alive for the global market. This technology, which combines machine learning-based voice analysis with proprietary technology developed for pre-analysis tools, can generate realistic and natural lip-sync animation compatible with any language. In the gaming and enterprise markets, where it has become standard for digital characters to move their mouths and speak naturally, high-performance lip-sync has become essential. Additionally, CRIWARE was adopted for the major worldwide title *Arknights: Endfield*, released in January 2026 by China's Hypergryph, with Japanese voice recording handled by TWOFIVE. In recent game development, where greater emphasis is placed on the quality of the player experience, the overall quality of direction, including video, audio, and operability, has a significant impact on the evaluation of characters and the work as a whole, creating more opportunities for the Company to demonstrate its strength in efficiently realizing high-quality direction.

## Results trends

## Impact of the rebound from karaoke special demand and upfront investment in Europe and the US

### 2. 1H FY9/26 business segment results

Looking at results by segment, the Gaming Business recorded net sales of ¥937mn (down 1.2% YoY) and segment profit of ¥86mn (down 32.6%), while the Enterprise Business posted net sales of ¥911mn (up 0.5%) and segment profit of ¥214mn (down 17.1%). Within the Gaming Business, audio production performed well, while in the Enterprise Business, strong performance in the mobility field secured sales growth.

#### 1H FY9/26 segment results

Net sales	1H FY9/25		1H FY9/26		YoY change
	Results	Percentage	Results	Percentage	
	(¥mn)				
Gaming Business	948	51.1%	937	50.7%	-1.2%
Middleware/tools	708	38.1%	684	37.0%	-3.4%
Overseas	124	6.7%	107	5.8%	-13.8%
Sound production	240	13.0%	252	13.7%	5.1%
Enterprise Business	907	48.9%	911	49.3%	0.5%
Embedded	434	23.4%	296	16.1%	-31.7%
Mobility	314	17.0%	493	26.7%	57.0%
Cloud solutions	157	8.5%	121	6.5%	-23.2%

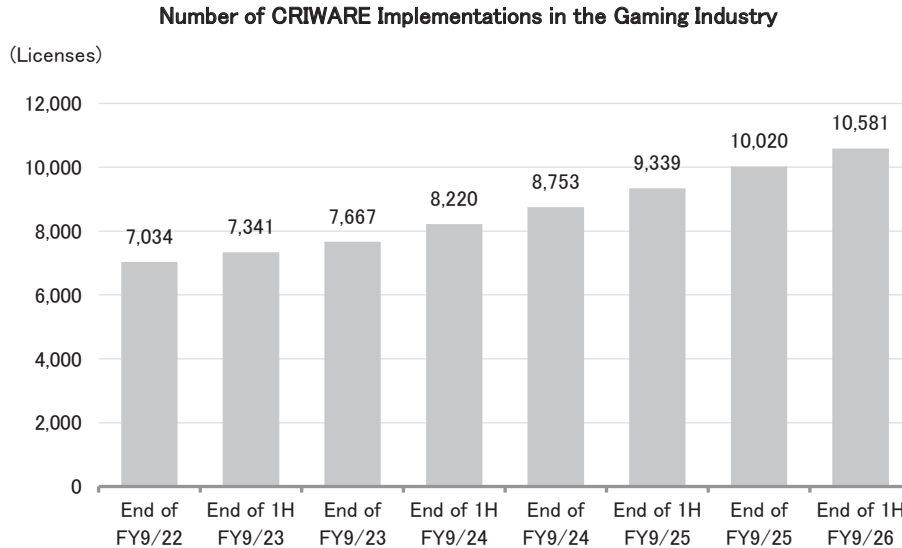
Segment profit	1H FY9/25		1H FY9/26		YoY change
	Results	vs. net sales	Results	vs. net sales	
Gaming Business	128	13.6%	86	9.3%	-32.6%
Enterprise Business	258	28.5%	214	23.5%	-17.1%

Source: Prepared by FISCO from the Company's financial results supplementary briefing materials

#### (1) Gaming Business

In the middleware/tools field, domestic licensing revenues, including those for CRIWARE, decreased, as there were almost no Japan-developed titles aimed at global expansion in 1Q despite the Company securing multiple bulk licensing agreements in 2Q. Overseas, licensing revenues increased overall in China, as positive results began to emerge from the account sales strategy providing ongoing, long-term problem-solving support to major key customers such as Tencent and NetEase, despite licensing for existing games on HarmonyOS, China's third OS, having largely run its course. On the other hand, in Europe and the US, where operations had only recently been relaunched, the acquisition of new titles did not progress as planned, resulting in lower revenues across both regions. In audio production, sales increased as large-scale voice recording projects for major Chinese titles continued to perform strongly, with an increase in large projects and stable repeat orders. Regarding KPIs (key performance indicators), although the number of CRIWARE licenses steadily increased to 10,581 and the adoption rate also improved, this has not yet been reflected in financial performance because licensing revenues did not grow in Japan and in Europe and the US, where one-time sales are common. In terms of profits, although depreciation expenses decreased because R&D investment in CRI TeleXus had reached a certain stage, upfront investments for strengthening operations in Europe and the US, such as outsourcing, support, and consulting, increased, resulting in lower profit.

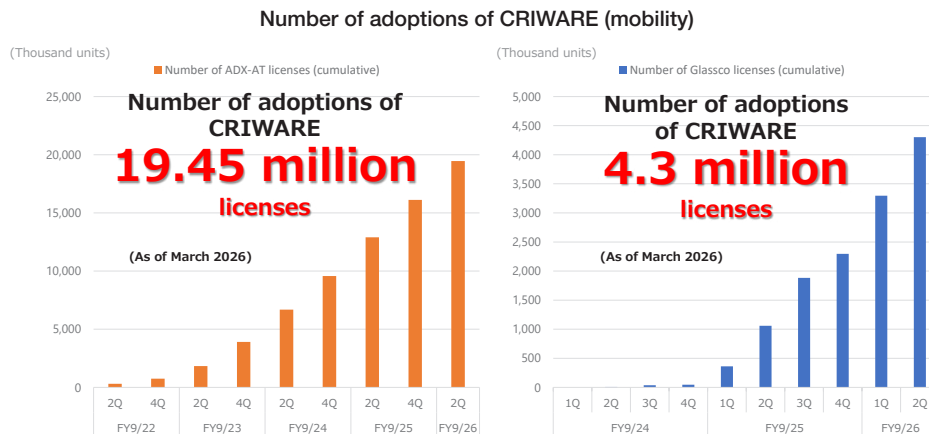
Results trends



Source: Prepared by FISCO from the Company's financial results supplementary briefing materials

**(2) Enterprise Business**

In the mobility field, sales increased as ADXAT continued to steadily accumulate licenses, while CRI Glassco grew significantly, particularly for motorcycles targeting the Indian market. For CRI Glassco in the four-wheeler segment, where adoption is still limited, the Company plans to expand by targeting specific vehicle models and manufacturers. In the embedded field, sales decreased significantly due to the absence of the special demand from new karaoke machine launches that had occurred in the previous 1Q. In the cloud solutions field, the significant decline in net sales was intentional, as the business shifted to the R&D phase from the previous 3Q, while revenues had still been recorded in the previous first half. The completion of R&D is now expected in the second half rather than the first half as initially planned. KPIs showed steady growth, with ADXAT licenses increasing to 19.45 million units and CRI Glassco growing significantly as planned. In terms of profits, although outsourcing expenses decreased due to fewer contract projects, profit declined because of the absence of the karaoke special demand in the embedded field, the shift to the R&D phase in the cloud solutions field, and higher agent commissions resulting from sales growth in the mobility field.



Source: The Company's financial results supplementary briefing materials

## Results trends

## Increased sales and profit in line with the initial plan expected

### 3. FY9/26 full-year forecasts

For the FY9/26 full-year results, the Company expects increased sales and profit, with net sales of ¥3,910mn (up 13.4% YoY), operating profit of ¥600mn (up 8.2%), ordinary profit of ¥616mn (up 8.7%), and profit attributable to owners of parent of ¥462mn (up 9.8%). Since first-half results were in line with the plan despite showing lower sales and profit, the initial forecast has been maintained. In addition, with new technologies and measures aimed at medium-term growth, such as CRI LipSync Alive, now in place, the medium-term management plan appears to have gotten off to a smooth start.

#### FY9/26 full-year forecasts

	FY9/25		FY9/26		
	Results	vs. net sales	Forecast	vs. net sales	YoY
Net sales	3,448	-	3,910	-	13.4%
Operating profit	554	16.1%	600	15.3%	8.2%
Ordinary profit	566	16.4%	616	15.8%	8.7%
Profit attributable to owners of parent	420	12.2%	462	11.8%	9.8%

Source: Prepared by FISCO from the Company's financial results

Concerns are growing that the Japanese economy will be pushed downward due to the slowdown in overseas economies caused by factors such as the situations in Ukraine and the Middle East, as well as trade policy in various countries. Capital investment is also expected to continue in areas such as addressing labor shortages, digital-related investment, R&D in growth fields and decarbonization, and strengthening supply chain resilience, although the growth rate is projected to slow. Under these conditions, the Company is focusing on new product and technology development investment, expansion of its business foundation, and creation of Group synergies as key measures, with the aim of strengthening its global response in gaming, advancing mobility technology development with a view to worldwide expansion, and securing new revenue sources.

Net sales are expected to continue growing, mainly in the middleware/tools field and mobility field. On the other hand, while operating profit will grow, the growth rate is expected to be less than that of net sales due to the absence of the large bulk licensing agreements which contributed in the previous fiscal year, a decrease in profitability associated with an increase in contract development, and higher upfront costs such as R&D investment compared to the previous fiscal year. In addition, there are concerns that costs may rise slightly in the second half because the completion of cloud solutions development, which had been planned for the first half, has been delayed. However, even if this occurs, it appears that the impact can be covered, as the Company is taking a conservative view on new product licensing, its account-based sales in China are gaining traction, and its subsidiary TWOFIVE continues to perform strongly.

#### Results trends

As a topic of interest, the Company began offering its video solution CRI DietCoder Bridge in April 2026. The product was developed in response to drive recorder manufacturers' needs to maintain product prices while extending recording time amid rising memory prices, and it achieves up to 10 times longer recording time compared to conventional products by reducing video data size without degradation through the Company's proprietary compression method. As the product can also be used in surveillance cameras and drones, the Company plans to further improve convenience and expand the market through joint research, with the aim of achieving cumulative net sales of ¥1.0bn by 2030. In addition, in May 2026 the Company entered into a development partnership with DSP Concepts, Inc., which provides audio-related software technology for mobility and audio products worldwide. DSP Concepts' platform Audio Weaver has established itself as a global standard in the automotive industry due to its high versatility and SDV compatibility, and it offers various third-party modules to enable efficient product development. Through this partnership, the Company's CRI ADXAT will also become available as a module, and it is already highly regarded for its zero time-lag sound generation technology and vehicle installation track record, raising expectations for increased adoption by overseas manufacturers.

## Middleware and mobility driving growth

### 4. FY9/26 full-year segment forecasts

By segment, while specific fields may increase or decrease, double-digit sales growth is expected for both the Gaming Business and Enterprise Business overall.

**FY9/26 full-year segment net sales forecasts**

	(¥mn)				
	FY9/25		FY9/26		
	Results	Percentage	Forecast	Percentage	YoY
<b>Gaming Business</b>	1,807	52.4%	2,050	52.4%	13.4%
<b>Middleware/tools</b>	1,353	39.3%	1,600	40.9%	18.2%
<b>Overseas</b>	233	6.8%	300	7.7%	28.7%
<b>Sound production</b>	453	13.1%	450	11.5%	-0.7%
<b>Enterprise Business</b>	1,641	47.6%	1,860	47.6%	13.3%
<b>Embedded</b>	724	21.0%	720	18.4%	-0.6%
<b>Mobility</b>	633	18.4%	800	20.5%	26.2%
<b>Cloud solutions</b>	283	8.2%	340	8.7%	19.9%

Source: Prepared by FISCO from the Company's financial results supplementary briefing materials

In Gaming Business middleware/tools, the Company plans to establish CRI LipSync Alive, which it has begun offering for the global market, as a new revenue source. By strengthening its sales activities and pursuing volume licensing agreements, the Company's policy is to create the conditions for CRIWARE to be adopted in a wide range of titles, thereby expanding its market share. Overseas, the Company is laying the groundwork for future growth in both Europe and the United States as well as in China. In China, we will strengthen relationships with major key accounts through account management and continue to provide comprehensive contracts and solutions. In Europe, it will combine the sales capabilities of its agents with direct sales based on business trips to focus on acquiring new customers, while in North America, where it has existing customers, it will focus on deepening relationships with customers mainly through direct sales. In the audio production field, it will continue to steadily capture the robust demand from Chinese companies while also expanding repeat customers, and focus efforts on expanding its Chinese business. To achieve this, it will strengthen its collaboration with CRI China, strive to establish relationships with customers by increasing visits from Japan, and promote the high quality of its services, such as coordination of projects by sound directors.

#### Results trends

In the Enterprise Business, the Company is promoting the globalization of its products in the mobility field with a view to worldwide expansion. In particular, it will maintain growth centering on CRI ADXAT and CRI Glassco, and for this purpose, it will focus efforts on building up a track record of adoption of CRI ADXAT at manufacturers and vehicles in Japan and overseas, while continuing to create a track record for CRI Glassco with domestic manufacturers as well as in the Indian market. Furthermore, leveraging its strengths in supporting SDVs and consistent quality, it will also strive to establish relationships with automakers in Japan and overseas, as well as with mobility-related companies such as DSP Concepts. In the embedded field, the Company exhibited D-Amp Driver × GaN, whose strengths are high sound quality, energy conservation, and low heat generation, at CES in January 2026, and has also begun offering the next-generation video solution CRI DietCoder Bridge to expand its business domains. It will also continue to focus efforts on acquiring contract projects that include licensing revenues, but due to the loss of bulk licenses for karaoke, it forecasts a decrease in sales. In the cloud solutions field, it plans to complete the development of the new next-generation product for LiveAct/SmartJPEG, which it has been developing since the previous fiscal year, during the second half and then launch it on the market. This will enable a shift from the R&D phase to the contract phase, allowing contract projects including licensing revenues and maintenance and operation to begin accumulating, although full contribution is expected from FY9/27 onward.

## ■ Medium-term management plan

### Medium-term management plan getting off to a smooth start

#### 1. Growth strategy

The Company is advancing the CRI Group Medium-Term Management Plan (2026–2030) (MTP 2030), which adds mainly non-business-specific strategies and policies to the existing growth strategies for each business. It will take the technologies, expertise, knowledge, and funds obtained in the Gaming Business and invest them in R&D and strengthening sales in the Enterprise Business, thereby aiming to expand its business domains and achieve dramatic growth across the Group as a whole. Within this strategy, along with further refining its areas of expertise (audio and video), the Company plans to transform its gaming-dependent business structure into a business structure with three pillars as its core businesses over the medium term: gaming, mobility, and online communication. Based on this, it will move from its previous somewhat vague growth strategy to pursuing growth in a more deliberate and strategic manner focused on its core businesses. Although the profit margin is expected to temporarily decline in FY9/28 due to factors including the establishment of overseas subsidiaries, expansion of offices/studios, and M&A, by FY9/30, it is targeting net sales of ¥10.0bn (vs. ¥3.4bn in FY9/25), an operating profit margin of 20% (vs. 16%), a proportion of sales accounted for by licensing revenues of 60% to 70% (vs. 66%, excluding portion from M&A), and ROE of 15% or more (vs. 11%). Although the medium-term management plan has only just begun, the first half of FY9/26 landed in line with the plan despite lower sales and profit, and with the necessary technologies and measures for medium-term growth now in place, it can be said that the plan has gotten off to a smooth start.

## Core businesses are mobility, gaming, and online communication

### 2. Growth strategies for core businesses

#### (1) Mobility Business

In the Mobility Business, growth is expected through M&A and service contracts, focusing primarily on the audio products ADXAT and CRI SOLIDAS and the graphic product CRI Glassco. Regarding the growth strategy for audio products, the Company will build relationships with both Japanese-affiliated and overseas manufacturers, and by 2030, it aims to achieve adoption in over 20% of all automobiles produced worldwide (20,000,000 vehicles) (targeting a more than threefold increase in the annual number of vehicles adopting its products). Furthermore, while its products currently focus on instrument clusters, the Company will expand functionality to acoustic vehicle alerting systems, ETC, and more, while promoting the adoption of CRI SOLIDAS in car audio systems and integrated cockpits, with the aim of increasing revenue per vehicle (targeting a 1.5-fold increase in revenue per vehicle).

In terms of the growth strategy for graphic products, it will use the relationships it has built with major manufacturers based on CRI ADXAT as an entry point for moving into the in-vehicle graphic display field with CRI Glassco. Leveraging its strength of supplying high-quality graphics even with low-spec microcontrollers, it will first pursue development focusing on the motorcycle market. By 2030, it is aiming for adoption in 10% of motorcycles and automobiles produced worldwide (15,000,000 vehicles). Specifically, in collaboration with the local Indian subsidiary of HAGIWARA ELECTRONICS, it will pursue adoption by various manufacturers in India, which is the world's largest motorcycle market. In terms of market share, it is aiming for adoption by around 50% (10,000,000 vehicles). With this in mind, it has also exhibited at *electronica India 2025*, a high-profile event which is one of the biggest industry trade shows in Southwest Asia.

#### (2) Gaming Business

The size of the global game content market is over ¥30tn, which is 12 times the size of the Japanese market, but to date, the Company cannot be said to have really focused strongly on growth. Going forward, however, it will further develop its growth strategies both in Japan and overseas. For the domestic middleware business that is the Company's mainstay business and main profit source, it aims to expand its share by developing new products and functions in house, expanding the functionality of existing middleware through collaboration with other companies' products, expanding its product lineup, and promoting bulk licensing. Furthermore, it will promote market penetration of the CRIWARE brand by continuing to introduce new products on the market, such as CRI LipSync Alive.

In the overseas middleware business, the Company aims to expand sales in China by strengthening its account-based sales structure, elevating customer relationships from the title level to the company level, and promoting its technological capabilities and service quality (with a target of doubling net sales). In particular, the Company will leverage its strength in supporting three operating systems, iOS, Android, and HarmonyOS, in the smartphone segment to capture growth in the gaming market (with a target of increasing net sales by 1.5 times). In Europe and the US, the Company will work to raise awareness of CRIWARE through participation in major global gaming events such as the Game Developers Conference (GDC). Moreover, the Company plans to increase the number of local sales agents in Europe, while in the US, where it follows a direct sales approach, it intends to establish a subsidiary by 2028 and expand sales of video-related middleware such as CRI Sofdec and CRI Clovis, starting with companies that have a track record of introducing major titles. Through these efforts, the Company aims to achieve net sales of ¥0.6bn in China and ¥0.4bn in Europe and the US by FY9/30.

Medium-term management plan

In the audio production business, the Company will leverage its technological capabilities and service quality to build its reputation within the industry, while steadily securing repeat orders from existing customers and working to acquire new customers. In addition, the Company will strengthen collaboration with CRI China to more effectively capture the strong demand from Chinese companies for voice recording by Japanese voice actors. The Company aims to achieve net sales of ¥0.6bn in FY9/30.

**(3) Online Communication Business**

In the Online Communication Business, while also considering new products, the Company will develop its growth strategy for the time being based on two pillars: CRI TeleXus and cloud solutions.

Online communication middleware CRI TeleXus has seen its future potential increase, as advances in technologies such as large-scale simultaneous conversations, spatial audio and spatial presentation, and AI interpreting have made it possible to create a greater sense of immersion and realism. In the gaming market, backed by its track record for audio and video technology cultivated with CRIWARE, the Company aims to build up its track record of voice chat adoption, differentiate it from other voice chat products by releasing new functions, and increase the number of users, leading to higher sales. Outside of gaming, the Company will also pursue development of new markets by leveraging M&A and alliances, focusing its efforts on three markets in particular: mobility, events, and education. It has been well received for its low latency and low load that do not interfere with application performance, as well as support for multi-user voice chat, and has already been adopted in VR battle action games and 3D virtual office services. The Company aims to achieve net sales of ¥0.3bn in the gaming segment and ¥0.7bn in non-gaming segments by FY9/30.

In the cloud solutions business, in response to the inevitably increasing complexity of needs arising from the AI adoption of various devices and the evolution toward personalized communication, the Company provides customers with optimal solutions by combining online, real-time processing technology with video and image compression technology. To achieve this, the Company plans to develop new products centered on real-time processing technology and video and image processing technology, with a planned release in FY9/27, aiming for net sales of ¥1.0bn by FY9/30.

## Actively leveraging M&A and alliances

### 3. Basic policy for M&A, etc.

In conjunction with formulating its medium-term management plan, the Company announced basic policies regarding sustainability, human resources, M&A/alliances, shareholder returns, and cash allocation. Notably, to reduce the time spent on developing new technologies and products and offset the lack of internal resources for realizing them, its policy is to actively leverage M&A/alliances. Accordingly, based on the achievement status of the medium-term management plan, it plans to invest up to ¥1.5bn in M&A by FY9/30. In the mobility field specifically, it intends to enhance its acquisition of audio- and video-related technologies and specialized engineers. In terms of cash allocation and financial policy, it will allocate funds to both investments in growth (R&D investment, overseas investment, M&A investment, etc.) and stable management, with the aim of achieving its FY9/30 targets, while continuing to return surplus funds to shareholders. With regard to financial policy, it will target cash on hand equivalent to four months of net sales (¥3.0bn, which is the current cash on hand level) and, with financial soundness in mind, maintain the capital adequacy ratio at 65% or higher. In accordance with this, it plans for cash inflows of around ¥4.4bn by FY9/30, while cash outflows will be around ¥3.1bn for growth investments, ¥1.3bn for shareholder returns, and ¥3.0bn for cash on hand. Looking at the breakdown of growth investments, it plans to invest around ¥1.0bn in R&D for new products and technologies, ¥0.6bn for pursuing overseas development and expanding its business facilities and offices, and ¥1.5bn for expansion of its business domains and M&A expected to generate synergy effects.

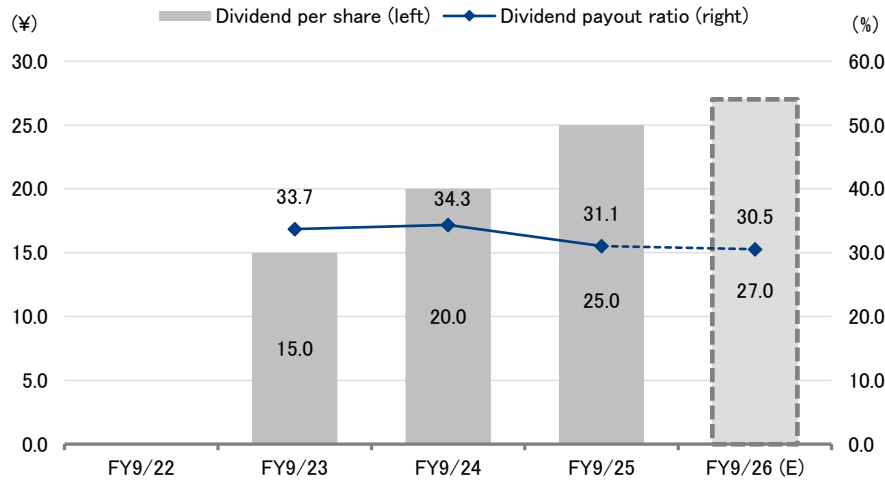
## ■ Shareholder return policy

### Policy of paying dividends twice a year with a target consolidated dividend payout ratio of 30%

The Company considers the expansion of business and enhancement of corporate value to be the greatest return of profit to shareholders. With regard to dividends of surplus, the Company's policy is to set a consolidated dividend payout ratio of 30%, having given overall consideration to the balance of growth investments and shareholder returns. From FY9/26 onward, the Company changed its dividend policy to pay dividends from surplus twice a year, in the form of an interim dividend and a year-end dividend. Based on the above policy and its results, the Company plans to pay a dividend per share of ¥27.0 for FY9/26, consisting of an interim dividend of ¥13.0 and a year-end dividend of ¥14.0.

Shareholder return policy

Dividend per share and dividend payout ratio



Source: Prepared by FISCO from the Company's financial results



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