Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# Consolidated Financial Results for the Fiscal Year Ended July 31, 2025 (Under Japanese GAAP)

September 12, 2025

| | |
|---|---|
| Company name: | Liberaware Co., ltd. |
| Stock exchange listings: | Tokyo Stock Exchange |
| Stock code: | 218 a |
| URL: | https://liberaware.co.jp |
| Representative: | Hongkyu Min, Representative Director |
| Contact: | Junya Ichikawa, Director and CFO |
| TEL: | +81 43-497-5740 |
| Scheduled date for ordinary general meeting of shareholders: | October 30, 2025 |
| Scheduled date for dividend payment: | None |
| Scheduled date for submission of securities report: | October 31, 2025 |
| Supplementary materials for financial summaries: | Yes |
| Financial results briefing: | Yes |

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Fiscal Year Ended July 31, 2025 (from August 01, 2024 to July 31, 2025)**

**(1) Consolidated operating results** (Percentages indicate YoY changes)

| | Revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| July 31, 2025 | 1,406 | - | (1,588) | - | 46 | - | 46 | - |
| July 31, 2024 | - | - | - | - | - | - | - | - |

(Note) Comprehensive income For the fiscal year ending July 2025: 39 million yen (-%) For the fiscal year ended July 2024: - million yen (-%)

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary income to total assets ratio | Net sales Operating profit margin |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| July 31, 2025 | 2.44 | 2.27 | 5.1 | 2.8 | (112.9) |
| July 31, 2024 | - | - | - | - | - |

(Reference) Investment profit (loss) on equity method For the fiscal year ending July 2025: 30 million yen For the fiscal year ended July 2024: - million yen

(Note) As the Company has prepared consolidated financial statements starting from the fiscal year ending July 2025, figures and YoY changes for the fiscal year ended July 2024 are not presented.

**(2) Consolidated financial positions**

| | Total assets | Equity | Equity to total assets ratio | Net assets per share |
|---|---|---|---|---|
| As of | Million yen | Million yen | % | Yen |
| July 31, 2025 | 1,700 | 932 | 53.6 | 48.28 |
| July 31, 2024 | - | - | - | - |

(Reference) Owner's equity July 2025 912 million yen July 2024 - million yen

(Note) As the Company has prepared consolidated financial statements starting from the fiscal year ending July 2025, figures for the fiscal year ended July 2024 are not presented.

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and equivalents, end of period |
|---|---|---|---|---|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| July 31, 2025 | (363) | (61) | 122 | 751 |
| July 31, 2024 | - | - | - | - |

(Note) As the Company has prepared consolidated financial statements from the fiscal year ending July 2025, figures for the fiscal year ended July 2024 are not presented.

**2. Cash dividends**

| | Annual dividends per share | | | | | Total dividends (aggregate) | Payout ratio (consolidated) | Ratio of dividends to net assets (consolidated) |
|---|---|---|---|---|---|---|---|---|
| | End of first quarter | End of second quarter | At the end of the third quarter | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended July 31, 2024 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ended July 31, 2025 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ending July 31, 2026 (Forecast) | - | 0.00 | - | 0.00 | 0.00 | | - | |

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending July 31, 2026 (from August 01, 2025 to July 31, 2026)**

(Percentages indicate YoY changes)

| | Revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Fiscal year ending July 31, 2026 | 2,220 | 57.8 | (2,412) | - | (177) | - | (178) | - | (9.44) |

(Note) As the Company manages its operations on an annual basis, forecasts for the second quarter (cumulative) are omitted. For details, please refer to the attached document, p.5, "1. Overview of Operating Results, etc. (4) Outlook for the Future."

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes
New: 1 company (Company name) Liberaware Korea Co., Ltd.

(2) Changes in accounting policies, Changes in accounting estimates, Retrospective restatement
(i) Changes in accounting policies due to revisions of accounting standards: None
(ii) Changes in accounting policies other than (i): None
(iii) Changes in accounting estimates : None
(iv) Retrospective restatement : None

(3) Number of shares issued (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|---|---|
| As of July 31, 2025 | 18,896,600 shares |
| As of July 31, 2024 | 18,836,700 shares |

(ii) Number of treasury shares at the end of the period

| | |
|---|---|
| As of July 31, 2025 | - shares |
| As of July 31, 2024 | - shares |

(iii) Average number of shares outstanding during the period

| | |
|---|---|
| Fiscal year ended July 31, 2025 | 18,860,806 shares |
| Fiscal year ended July 31, 2024 | 17,152,273 shares |

(Note) Based on the resolution of the Board of Directors held on April 11, 2024, the Company conducted a stock split at a ratio of 100 shares for each common share on April 12, 2024. The "Average number of shares" has been calculated assuming that the stock split was conducted at the beginning of the fiscal year ending July 2024.

(Reference) Overview of Non-consolidated Results

**1. Non-consolidated financial results for the fiscal year ended July 31, 2025 (from August 01, 2024 to July 31, 2025)**

**(1) Non-consolidated operating results**

(Percentages indicate YoY changes)

| | Revenue | | Operating profit | | Ordinary profit | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| July 31, 2025 | 1,409 | 72.8 | (1,573) | - | 30 | - | 29 | - |
| July 31, 2024 | 815 | 114.8 | (440) | - | (434) | - | (437) | - |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| July 31, 2025 | 1.57 | 1.46 |
| July 31, 2024 | (25.53) | - |

(Note) 1. Although there are potential shares for the fiscal year ending July 2024, diluted earnings per share is not stated because there is a net loss per share for the period.

2. Based on the resolution of the Board of Directors held on April 11, 2024, the Company conducted a stock split at a ratio of 100 shares for each common share, effective April 12, 2024.

**(2) Non-consolidated financial positions**

| | Total assets | Equity | Equity to total assets ratio | Net assets per share |
|---|---|---|---|---|
| As of | Million yen | Million yen | % | Yen |
| July 31, 2025 | 1,681 | 913 | 53.1 | 47.29 |
| July 31, 2024 | 1,517 | 865 | 56.7 | 45.66 |

(Reference) Owner's equity July 2025 893 million yen July 2024 860 million yen

(Note) Based on the resolution of the Board of Directors held on April 11, 2024, the Company conducted a stock split at a ratio of 100 shares for each common share on April 12, 2024. Net assets per share for the fiscal year ending July 2024 have been calculated assuming that the stock split was conducted at the beginning of the fiscal year.

* Financial results reports are not subject to audits by certified public accountants or audit corporations.

* Notes regarding the appropriate use of forecasts and other special items

(Cautionary Statement Regarding Forward-Looking Statements)

The forward-looking statements such as performance forecasts contained in this document are based on information currently available to the Company and on certain assumptions that are deemed reasonable. They are not intended as a guarantee of achievement by the Company. Actual results may differ significantly due to various factors. For the conditions underlying the forecasts and notes regarding the use of forecasts, please refer to the attached document on P.5, "1. Overview of Operating Results, etc. (4) Outlook for the Future."

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1. Overview of Operating Results, etc.

As the Group has prepared consolidated financial statements from the current fiscal year, no comparative analysis with the previous fiscal year or the end of the previous fiscal year has been conducted.

(1) Overview of Operating Results for the Period

Under the vision of "visualizing invisible risks," our group provides a variety of solutions that utilize drones and robots (hereinafter referred to as "drones, etc.") as well as data processing and analysis technologies to support the improvement of safety, efficiency, and sustainability in the maintenance and inspection of industrial infrastructure. Among these, infrastructure and facility inspections in special environments that are "narrow, dark, and dangerous," where GPS does not reach indoors, are one of the areas where our group can demonstrate its greatest strengths. By using our proprietary indoor confined space inspection drone "IBIS," we acquire data from spaces that are difficult for humans to access, and provide seamless services from data processing and AI analysis using our 3D cloud platform "LAPIS" to digital management in the cloud.

Our group's solutions provide a new option for inspecting aging infrastructure, labor shortages, and the aging of skilled workers—urgent social issues—without the need for human entry. By promoting the adoption of our group's solutions, we believe we can contribute to strengthening the domestic industrial foundation and realizing our mission of "creating a society where everyone is safe."

Furthermore, going forward, we will continue our research and business activities to develop and deploy autonomous drones capable of freely flying in confined and enclosed indoor spaces, which is a strength of our group. In addition, we aim to provide drone solutions specialized for unique environments in areas facing labor shortages and safety challenges, such as railway maintenance and construction sites. Moreover, we consider it an important mission of our group to expand these Japan-originated industrial solutions to the world by entering overseas markets, including Asia, which face similar challenges.

In the maintenance and inspection domain of industrial infrastructure, where our group provides solutions, several challenges are progressing simultaneously: the aging of facilities and equipment, the aging and shortage of skilled workers, the increasing sophistication of on-site safety, and the growing demand for data utilization and traceability. In particular, there is a rising need for digitalization in areas that are difficult to access with conventional manpower, such as narrow, enclosed, or hazardous indoor environments. This includes acquiring data without human entry, processing data through 3D modeling and AI analysis, and centralized management via the cloud, with such needs increasing year by year.

In the private sector, the main factors for introducing digital solutions are ensuring safety, standardizing quality, improving operating rates (reducing downtime), and enhancing maintenance planning, particularly for assets such as manufacturing, energy, railways, and construction. The introduction of digital twins and inspection DX is positioned as a means to achieve both risk reduction and economic rationality (cost, construction period, and reproducibility).

In the public sector, institutional improvements are progressing. Specifically, these include the expansion of the principle application based on the BIM/CIM (*1) Utilization Guidelines in March 2020, the promotion of digitalization of inspections due to the amendment of the Basic Act on the Formation of a Digital Society on June 14, 2023, and the emergence of needs for labor-saving and manpower reduction due to the strengthening of working hour regulations (Work Style Reform Related Law) from April 1, 2024. In addition, based on the agreement among relevant ministries and agencies by the Cabinet Office in September 2020, procurement policies for drones with secured security in life-related facilities such as power generation facilities, dams, and railway facilities have been confirmed, and similar requests are tending to spread to private procurement as well.

Overseas, particularly in the field of critical infrastructure, there is a growing trend toward stricter procurement and operational requirements with a focus on security, data sovereignty, and diversification of supply chains. As a result, there is an increasing preference for aircraft, software, and operational systems that emphasize reliability and data governance, and the digitalization of infrastructure inspections is expanding internationally.

Against the backdrop of these industrial structure and institutional trends, the drone market is expected to expand to 1 trillion 19 billion 500 million yen by 2030 (Source: Impress Research Institute "Drone Business Survey Report 2025"), and the DX market is expected to expand to 2 trillion 900 billion yen by 2030 (Source: Fuji Chimera Research Institute, Inc. "2025 Future Outlook of the Digital Transformation Market" (Manufacturing Market)).
Under these circumstances, our group has been working to promote DX in the infrastructure industry by implementing drone inspections in confined indoor spaces and digitizing facility inspections and surveys that have traditionally relied on analog methods. In particular, following the road collapse accident in Yashio City, Saitama Prefecture in January 2025, countermeasures in the sewerage sector have progressed, and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has presented a roadmap for the use of drones in the sewerage field (Note 2). In response, our group has promoted activities aimed at expanding the use of drones in the sewerage sector.
Specifically, we collaborated with municipalities such as Kitakyushu City, Kobe City, Chiba City, and Akita City to conduct inspections of sewer pipes and other infrastructure aimed at preventing similar accidents. In addition, we held repeated discussions with municipalities and sewerage operators to standardize the use of drones in the sewerage sector and worked to strengthen our collaborative framework.
Furthermore, among our growth strategies, the three national projects adopted in the previous fiscal year under the SBIR program led by the Cabinet Office (*3) have also progressed smoothly as outlined below.

| SBIR Project Name | Jurisdiction<br>Lead bank | Contents | Progress |
|---|---|---|---|
| Development of sensing and robotics technologies for the rapid search of survivors buried alive during disasters | Ministry of Economy, Trade and Industry<br>and the National Police Agency | Development project of drone technology for searching for survivors buried alive at disaster sites | The demonstration experiment was successfully completed at the experimental facilities provided by the National Police Agency, and the project has ended. Discussions are currently underway with the National Police Agency regarding the potential for future utilization. |
| Development and demonstration of advanced technologies (labor-saving, automation, and decarbonization) for construction work and disaster information collection | Ministry of Land, Infrastructure, Transport and Tourism | DX solution development project using drones aimed at improving operational efficiency at construction sites<br>Maximum subsidy amount: 0.47 billion yen | Completion of integration between the drone remote operation system and the 3D system<br>A drone equipped with an automatic charging port is permanently installed at the construction site for one year, and weekly remote automatic surveying is continuously conducted via Level 3 BVLOS (Beyond Visual Line of Sight) flights without on-site assistants.<br>Currently building an integrated solution for data utilization |
| Technology development and demonstration to improve the efficiency and labor-saving of railway facility maintenance and management | Ministry of Land, Infrastructure, Transport and Tourism | Project aiming to develop a railway inspection solution using drones adapted to railway environments<br>Maximum subsidy amount: 5.2 billion yen | The development of the prototype and integration testing with each system have been completed.<br>Currently, we are in the preparation stage for phase transition judgment, and plan to proceed with the transition after approval. |

In addition, regarding overseas activities, we established our wholly owned subsidiary, Liberaware Korea Co., Ltd., in South Korea as of November 1, 2024, and are working to create use cases and increase awareness toward establishing the indoor drone inspection market.
In addition, research and development activities related to product development, such as next-generation IBIS and next-generation software including autonomous drones for confined indoor spaces, also progressed smoothly.
As a result of the above activities, the operating results for the fiscal year were as follows: Net sales of 1,406,949 thousand yen, operating loss of 1,588,703 thousand yen, ordinary profit of 46,978 thousand yen, and profit attributable to owners of parent of 46,081 thousand yen.
[Glossary]
*1 BIM/CIM: BIM stands for "Building Information Modeling," which refers to a solution that utilizes a database of structures by adding management information and other attribute data to a three-dimensional digital model of buildings created on a computer, for information utilization in all processes from design and construction to maintenance and management of buildings.
CIM stands for "Construction Information Modeling" and refers to a standard that defines methods for identifying equipment and other items to be managed, as well as describing the relationships among multiple objects.
*2 Materials for the 7th Committee for Countermeasures Based on Large-scale Road Collapse Accidents Caused by Sewerage, etc. 2: Policy on Initiatives for the Advancement and Practical Application of Pipeline Maintenance Technology P7
*3 SBIR System: The SBIR system stands for "Small Business Innovation Research." It is a program led by the Cabinet Office that sets budget expenditure targets and provides consistent support through inter-ministerial collaboration, from the initial stages of research and development to government procurement and civilian use, with the aim of creating innovation and unicorns.
As our group operates a single segment, the Infrastructure DX Business, segment information is omitted. The status of net sales by our group's main service categories is as follows.

(Unit: Thousands of yen)

| Business Segment Name | | For the fiscal year (From August 1, 2024 until July 31, 2025 |
|---|---|---|
| Drone Business | Inspection Solution | 285,532 |
| | Product Provision Services | 521,867 |
| Subtotal | | 807,399 |
| Digital Twin Business | Data processing and analysis services | 153,013 |
| | TRANCITY Platform | 70,455 |
| Subtotal | | 223,468 |
| Solution Development Business | | 376,081 |
| Total | | 1,406,949 |

(2) Overview of the financial position for the period

( Assets)

As of the end of the fiscal year, total assets amounted to 1,700,752 thousand yen. The main components were cash and deposits of 751,988 thousand yen, notes and accounts receivable - trade of 323,009 thousand yen, raw materials and supplies of 108,977 thousand yen, property, plant and equipment of 129,397 thousand yen, consumption taxes refund receivable of 107,766 thousand yen, and shares of subsidiaries and associates of 73,018 thousand yen.

( Liabilities)

At the end of the fiscal year, the balance of liabilities was 768,149 thousand yen. The main components were long-term borrowings (including current portion due within one year) of 292,690 thousand yen, short-term borrowings of 200,000 thousand yen, accrued expenses of 122,185 thousand yen, and contract liabilities of 66,093 thousand yen.

( Net assets)

At the end of the fiscal year, the balance of Net assets was 932,603 thousand yen. The main component was Capital surplus of 852,063 thousand yen.

(3) Overview of Cash Flows for the Period

The balance of cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year was 751,988 thousand yen.

The cash flows for the fiscal year and their respective factors are as follows.

(Cash flows from operating activities)

Funds used as a result of operating activities amounted to 363,332 thousand yen. This was mainly due to income before income taxes of 46,978 thousand yen, an increase in accounts receivable of 181,307 thousand yen, and an increase in consumption taxes refund receivable of 107,783 thousand yen, among other factors.

(Cash flows from investing activities)

Funds used as a result of investing activities amounted to 61,354 thousand yen. This was mainly due to the purchase of property, plant and equipment of 47,838 thousand yen and payments of leasehold and guarantee deposits of 19,515 thousand yen, among other factors.

(Cash flows from financing activities)

Funds provided by financing activities amounted to 122,317 thousand yen. This was mainly due to a net increase in short-term borrowings of 200,000 thousand yen and repayments of long-term borrowings of 77,520 thousand yen.

(4) Future Outlook

In the maintenance and inspection of industrial infrastructure, issues such as aging facilities, shortage of skilled workers, enhanced safety requirements, and the need for data utilization are progressing simultaneously. In particular, there is a growing demand for digitalization, such as acquiring data without human entry in confined or hazardous areas, as well as 3D modeling, AI analysis, and cloud management. In the private sector, digital twins and inspection DX are being introduced as means to balance cost, construction period, and reproducibility, with the aim of ensuring safety, standardizing quality, and improving operating rates. In the public sector, the development of legal systems, strengthening of labor regulations, and procurement policies for security-assured drones are providing tailwinds. Against the backdrop of these industrial structure and institutional trends, the drone market is expected to reach 1 trillion yen by 2030.

Under such circumstances, the consolidated forecasts for the next fiscal year (fiscal year ending July 2026) are as follows: net sales of 2,220,000 thousand yen (up 57.8% YoY), operating loss of 2,412,000 thousand yen (compared to an operating loss of 1,588,703 thousand yen in the previous fiscal year), ordinary loss of 177,000 thousand yen (compared to ordinary profit of 46,978 thousand yen in the previous fiscal year), and net loss attributable to owners of the parent of 178,000 thousand yen (compared to net income of 46,081 thousand yen in the previous fiscal year).

Please note that the above consolidated forecasts include the impact of two projects under the SBIR system, with research and development expenses of 2,335,000 thousand yen and subsidy income under non-operating income of 2,184,000 thousand yen.

2. Basic policy regarding the selection of accounting standards

Our group applies Japanese accounting standards, taking into consideration comparability between companies and over time.

3. Consolidated Financial Statements and Main Notes (1) Consolidated Balance Sheet

(Unit: Thousands of yen)

| | For the fiscal year (July 31, 2025) |
|---|---|
| Assets | |
| Current assets | |
| Cash and deposit | 751,988 |
| Notes and trade receivables | 323,009 |
| Contract assets | 36,918 |
| Merchandise and finished goods | 40,023 |
| Work in process | 13,510 |
| Raw materials and supplies | 108,977 |
| Advance payments | 29,774 |
| Consumption taxes refund receivable | 107,766 |
| Other | 51,234 |
| Allowance for doubtful accounts | (1,492) |
| Total current asset | 1,461,709 |
| Non-current assets | |
| Property, plant, and equipment | |
| Buildings, net | 23,700 |
| Tools, furniture and fixtures, net | 99,924 |
| Construction in progress | 5,772 |
| Total property, plant and equipment, net | 129,397 |
| Intangible assets | |
| Software | 4,263 |
| Total intangible assets | 4,263 |
| Investment Other assets | |
| Shares of subsidiaries and associates | 73,018 |
| Other | 32,364 |
| Total investment and other assets | 105,382 |
| Total non-current assets | 239,043 |
| Total assets | 1,700,752 |

(Unit: Thousands of yen)

| | For the fiscal year (July 31, 2025) |
|---|---|
| Liabilities | |
| Current liabilities | |
| Trade payables | 2,324 |
| Short-term borrowings | 200,000 |
| Current portion of long-term borrowings | 80,840 |
| Accounts payable | 75,602 |
| Accrued expenses | 122,185 |
| Income taxes payable | 819 |
| Contract liabilities | 66,093 |
| Other | 8,432 |
| Total current liabilities | 556,299 |
| Non-current liabilities | |
| Long-term borrowings | 211,850 |
| Total non-current liabilities | 211,850 |
| Total liabilities | 768,149 |
| Net assets | |
| Shareholders' equity | |
| Share capital | 11,946 |
| Capital surplus | 852,063 |
| Retained earnings | 54,951 |
| Total shareholders' equity | 918,962 |
| Accumulated other comprehensive income | |
| Foreign currency translation adjustment | (6,654) |
| Total accumulated other comprehensive income | (6,654) |
| Share acquisition rights | 20,295 |
| Total net assets | 932,603 |
| Total liabilities and net assets | 1,700,752 |

(2) Consolidated Statement of Income and Statement of Comprehensive Income

(Unit: Thousands of yen)

| | For the fiscal year (From August 1, 2024 until July 31, 2025 |
|---|---|
| Revenue | 1,406,949 |
| Cost of sales | 736,959 |
| Gross profit | 669,989 |
| Selling, general and administrative expenses | 2,258,692 |
| Operating loss (-) | (1,588,703) |
| Non-operating income | |
| Interest income | 515 |
| Government grant income | 1,603,384 |
| Share of income of investments accounted for using the equity method | 30,147 |
| Other | 13,482 |
| Total non-operating income | 1,647,529 |
| Non-operating expenses | |
| Interest expense | 11,297 |
| Other | 551 |
| Total non-operating expenses | 11,848 |
| Ordinary profit | 46,978 |
| Net income before income taxes | 46,978 |
| Income taxes - current | 897 |
| Total income taxes | 897 |
| Net income | 46,081 |
| Comprehensive income attributable to | |
| Profit attributable to owners of parent | 46,081 |
| Other comprehensive income (loss), net of tax | |
| Foreign currency translation adjustment | (6,654) |
| Other comprehensive income, net of tax | (6,654) |
| Comprehensive income | 39,426 |
| Comprehensive income attributable to | |
| Comprehensive income attributable to owners of parent | 39,426 |

(3) Consolidated Statement of Changes in Equity

For the fiscal year ending July 31, 2025

(Unit: Thousands of yen)

| | Shareholders' equity | | | |
|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance at the beginning of the period | 462,420 | 1,536,291 | (1,138,594) | 860,116 |
| Changes during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | 1,946 | 1,946 | - | 3,893 |
| Capital reduction | (452,420) | (686,174) | - | (1,138,594) |
| Deficit disposition | - | - | 1,138,594 | 1,138,594 |
| Profit attributable to owners of parent | - | - | 46,081 | 46,081 |
| Increase in retained earnings due to an increase in equity-method affiliates | - | - | 8,870 | 8,870 |
| Changes during period (net) for items other than shareholders' equity | - | - | - | - |
| Total changes during period | (450,473) | (684,227) | 1,193,546 | 58,845 |
| Balance at end of period | 11,946 | 852,063 | 54,951 | 918,962 |

| | Accumulated other comprehensive income | | Share acquisition rights | Total net assets |
|---|---|---|---|---|
| | Foreign currency translation adjustment | Other comprehensive income (loss), net of tax Total cumulative amount | | |
| Balance at the beginning of the period | - | - | 5,512 | 865,629 |
| Changes during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | - | - | - | 3,893 |
| Capital reduction | - | - | - | (1,138,594) |
| Deficit disposition | - | - | - | 1,138,594 |
| Profit attributable to owners of parent | - | - | - | 46,081 |
| Increase in retained earnings due to an increase in equity-method affiliates | - | - | - | 8,870 |
| Changes during period (net) for items other than shareholders' equity | (6,654) | (6,654) | 14,782 | 8,127 |
| Total changes during period | (6,654) | (6,654) | 14,782 | 66,973 |
| Balance at end of period | (6,654) | (6,654) | 20,295 | 932,603 |

(4) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

| | For the fiscal year (From August 1, 2024 until July 31, 2025 |
|---|---|
| Cash flows from operating activities | |
| Net income before income taxes | 46,978 |
| Depreciation | 47,235 |
| Interest income | (515) |
| Interest expense | 11,297 |
| Government grant income | (1,603,384) |
| Subsidy income | (12,900) |
| Share of loss (profit) of investments accounted for using the equity method | (30,147) |
| Decrease (increase) in trade receivables | (181,307) |
| (Increase) decrease in contract assets | (33,191) |
| (Increase) decrease in inventories | (51,849) |
| Increase (decrease) in advance payments (- indicates increase) | (17,641) |
| Decrease (increase) in consumption taxes refund receivable | (107,783) |
| Increase (decrease) in trade payables | (5,127) |
| Increase (decrease) in contract liabilities | 3,487 |
| Increase (decrease) in accounts payable (negative indicates decrease) | (9,453) |
| Increase (decrease) in accrued expenses | 40,199 |
| Increase (decrease) in income taxes payable - factor based tax | (10,146) |
| Increase (decrease) in accrued consumption taxes | (20,006) |
| Increase (decrease) in other assets (- indicates increase) | (27,185) |
| Increase (decrease) in other liabilities (- indicates decrease) | 3,651 |
| Other | (7,933) |
| Subtotal | (1,965,725) |
| Interest received | 515 |
| Interest paid | (11,167) |
| Income taxes paid | (3,240) |
| Subsidies received | 1,603,384 |
| Subsidies received | 12,900 |
| Cash flows from operating activities | (363,332) |
| Cash flows from investing activities | |
| Purchase of property and equipment | (47,838) |
| Proceeds from sales of property and equipment | 6,850 |
| Purchase of intangible assets | (850) |
| Payments of leasehold and guarantee deposits | (19,515) |
| Cash flows from investing activities | (61,354) |
| Cash flows from financing activities | |
| Net increase (decrease) in short-term borrowings | 200,000 |
| Repayment of long-term borrowings | (77,520) |
| Payments for issuance of shares | (4,055) |
| Proceeds from exercise of employee share options | 3,893 |
| Cash flows from financing activities | 122,317 |
| Effect of exchange rate change on cash and cash equivalents | (6,888) |
| Increase (decrease) in cash and cash equivalents | (309,257) |
| Cash and cash equivalents at the beginning of the period | 1,061,245 |
| Cash and cash equivalents at end of the period | 751,988 |

(5) Notes to Consolidated Financial Statements

(Notes regarding the assumption of a going concern)

There are no applicable matters.

(Segment Information, etc.)

[Segment Information]

As our group operates a single segment, the Infrastructure DX business, disclosures have been omitted.

(Per share information)

| | For the fiscal year (From August 1, 2024 until July 31, 2025 |
|---|---|
| Net assets per share | 48.28 yen |
| Basic earnings per share | 2.44 yen |
| Diluted earnings per share | 2.27 yen |

(Note) 1. The basis for the calculation of net assets per share is as follows.

| | For the fiscal year (July 31, 2025) |
|---|---|
| Total net assets (thousand yen) | 932,603 |
| Amounts to be deducted from total net assets (thousand yen) | 20,295 |
| (of which, Share acquisition rights (thousand yen)) | (20,295) |
| Net assets at the end of the period attributable to common stock (thousand yen) | 912,308 |
| Number of common shares at the end of the period used to calculate net assets per share (shares) | 18,896,600 |

2. The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.

| | For the fiscal year (From August 1, 2024 until July 31, 2025 |
|---|---|
| Basic earnings per share | |
| Profit attributable to owners of parent (thousand yen) | 46,081 |
| Amount not attributable to common shareholders (thousand yen) | - |
| Profit attributable to owners of parent related to common stock (thousand yen) | 46,081 |
| Average number of shares (shares) | 18,860,806 |
| | |
| Diluted earnings per share | |
| Adjustment amount for profit attributable to owners of parent (thousand yen) | - |
| Increase in number of common shares (shares) | 1,402,696 |
| (of which, Share acquisition rights (shares)) | (1,402,696) |
| Overview of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect | - |

(Significant Subsequent Events)

( Issuance of share acquisition rights)

At the Board of Directors meeting held on September 12, 2025, the Company resolved, pursuant to Articles 236, 238, and 240 of the Companies Act, to issue share acquisition rights to employees of the Company and its subsidiaries. The outline is as follows.

Outline of Issuance of Share Acquisition Rights

4th Share Acquisition Rights

(i) Allotment date of share acquisition rights

October 1, 2025

(ii) Allottees and number of share acquisition rights to be allotted

Employees of the Company and its subsidiaries: 96 (139,700 units)

(iii) Number of share acquisition rights

139,700 units (1 share of common stock per share acquisition right)

(iv) Issuance of share acquisition rights value

No payment in cash is required in exchange for these share acquisition rights.

(v) Type and number of shares subject to share acquisition rights

139,700 shares of the Company's common stock

(vi) Amount of assets to be contributed upon exercise of share acquisition rights

The amount of assets to be contributed upon the exercise of share acquisition rights shall be the amount obtained by multiplying the exercise price per share to be issued upon the exercise of share acquisition rights (hereinafter referred to as the "exercise price") by the number of shares underlying one share acquisition right. The exercise price shall be the closing price on the date of the board of directors' resolution regarding the determination of the offering terms of these share acquisition rights (if there is no closing price on that day, the closing price on the most recent trading day prior thereto). In the event that the Company conducts a stock split or reverse stock split after the issuance of the share acquisition rights, the exercise price shall be adjusted accordingly.

(vii) Matters concerning the increase in share capital and legal capital surplus in the case of issuing shares through the exercise of share acquisition rights

i) In the case of issuing shares through the Exercise of share acquisition rights, the amount of increase in Share capital shall be calculated by multiplying 0.5 by the maximum amount of increase in Share capital, etc. as calculated in accordance with Article 17, Paragraph 1 of the Company Accounting Regulations. Any fraction less than 1 yen resulting from the calculation shall be rounded up.

ii) In the case of issuing shares through the exercise of share acquisition rights, the amount of increase in legal capital surplus shall be the amount obtained by deducting the amount of increase in share capital specified in i) above from the maximum amount of increase in share capital, etc. stated in i) above.

(viii) Exercise period of share acquisition rights

From September 13, 2027 to September 12, 2035