

Translation

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Consolidated Financial Results for the Three Months of the Fiscal Year Ending July 31, 2026 (Under Japanese GAAP)

December 10, 2025

Company name:	Liberaware Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange
Stock code:	218 a
URL:	https://liberaware.co.jp
Representative:	Min Hongkyu, Representative Director
Contact:	Junya Ichikawa, Director and CFO
TEL:	+81 43-497-5740
Scheduled date for dividend payment:	None
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 Three Months of the Fiscal Year Ending July 31, 2026 (from August 01, 2025 to October 31, 2025)

(1) Consolidated operating results (Cumulative)

(Percentage indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2025	294	-	(614)	-	(605)	-	(605)	-
October 31, 2024	-	-	-	-	-	-	-	-

(Note) Comprehensive income For the three months ended July 31, 2026: (610) million yen (-%) For the three months ended July 31, 2025: - million yen (-%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
October 31, 2025	(32.06)	-
October 31, 2024	-	-

(Note) 1. Since the Company has prepared consolidated financial statements from the fourth quarter of the fiscal year ending July 2025, figures and YoY changes for the first quarter of the fiscal year ending July 2025 are not provided.

2. Regarding diluted earnings per share for the first quarter of the fiscal year ending July 2026, although there are potential shares, it is not stated because there was a net loss per share for the quarter.

(2) Consolidated financial positions

	Total assets	Equity	Equity to total assets ratio
As of	Million yen	Million yen	%
October 31, 2025	1,429	335	21.6
July 31, 2025	1,700	932	53.6

(Reference) Owner's equity As of the first quarter of the fiscal year ending July 2026: 308 million yen As of the fiscal year ended July 2025: 912 million yen

2. Cash dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending July 31, 2026	-				
Fiscal year ending July 31, 2026 (Forecast)		0.00	-	0.00	0.00

(Note) Presence or absence of revisions to the most recently announced dividend forecast: None

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) 1. Correction of financial forecast from the most recent financial forecast: None

2. As the Company manages its performance on an annual basis, consolidated forecasts for the second quarter (cumulative) are omitted.

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of specific accounting for the consolidated quarterly financial statements: None

(3) 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

(4) Number of shares issued (common stock)

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

As of October 31, 2025	18,896,600 shares
As of July 31, 2025	18,896,600 shares

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

As of October 31, 2025	- shares
As of July 31, 2025	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended October 31, 2025	18,896,600 shares
Three months ended October 31, 2024	18,836,700 shares

※ Review of attached consolidated quarterly financial statements by a certified public accountant or an audit firm: None

Note regarding the appropriate use of forecasts and other special items

(Cautionary Statement Regarding Forward-Looking Statements)

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, and are not intended as a guarantee of their 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 materials on P.4, "1. Overview of operating results, etc. (3) Explanation regarding consolidated performance forecasts and other forward-looking information."

Table of Contents of Attached Materials

1. Overview of Operating Results, etc.	2
(1) Overview of operating results for the quarter	2
(2) Overview of financial positions for the quarter	4
(3) Explanation regarding forward-looking statements such as consolidated forecasts	4
2. Quarterly Consolidated Financial Statements and Main Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Statement of Comprehensive Income	6
(3) Notes to the quarterly consolidated financial statements	7
(Notes on segment information, etc.)	7
(Notes in case of significant changes in the amount of shareholders' equity)	7
(Notes regarding the assumption of a going concern)	7
(Notes on quarterly consolidated statement of cash flows)	7
(Significant Subsequent Events)	7

1. Overview of Operating Results, etc.

(1) Overview of operating results for the quarter

As the Group has prepared quarterly consolidated financial statements starting from the first quarter of the current fiscal year, a comparative analysis with the same period of the previous year has not been conducted.

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 end-to-end services including data processing, AI analysis, and cloud management through our 3D cloud platform "LAPIS," thereby enabling full digitalization.

Our group's solutions provide a new option for inspecting infrastructure without the need for human entry, addressing urgent social issues such as the increase in aging infrastructure, labor shortages, and the aging of skilled workers. 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 implementation 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 following the amendment of the Basic Act on the Formation of a Digital Society on June 14, 2023, and the increased demand for labor-saving and efficiency 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 area of critical infrastructure, there has been a growing trend toward stricter procurement and operational requirements with a focus on security, data sovereignty, and supply chain diversification. 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 equipment 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 been advanced, 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 continued from the previous fiscal year to promote activities aimed at expanding the use of drones in the sewerage sector.

Specifically, we collaborated with local governments across the country, including Nagasaki City, Saga City, Kagoshima City, Fukui Prefecture, and Utsunomiya City, to conduct inspections of sewer pipes and other infrastructure aimed at preventing

similar accidents. In addition, we held repeated discussions with local governments and sewerage operators to standardize the use of drones in the sewerage sector and worked to strengthen our collaborative framework.

In addition, as demand for IBIS2 increases, we have launched a dealership system for IBIS2 in order to expand our sales network across infrastructure and plant sites nationwide at a speed that would not be possible by our company alone. This enables us to establish a nationwide sales network and build a foundation to expand the sales, support, and operational value of IBIS2 from individual points to a broader scale. Furthermore, by strengthening collaboration with local governments in each region, we expect to be able to respond quickly to sudden needs such as disasters and emergency inspections.

Furthermore, among our growth strategies, the two national projects under the SBIR program (Note 3) led by the Cabinet Office, which have been continuously implemented since the previous fiscal year, have also progressed smoothly as described below.

SBIR Project Name	Jurisdiction Lead customer	Contents	Progress
Development and demonstration of advanced technologies (labor-saving, automation, 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 Maximum subsidy amount: 0.47 billion yen	Cloud integration of automatically generated 3D data from remote drone operations into the construction management system has been completed. In addition, verification was conducted for the use of this data in as-built management (shape management) of structures that require high 3D generation accuracy. We will begin demonstration tests aimed at achieving progress management utilizing BIM/CIM models and point cloud data. Regarding remote drone flights, demonstration of Level 3.5 flights (*4) has commenced. Achieving automation of construction site management
Technology development and demonstration to improve efficiency and labor-saving in the maintenance and management of railway facilities	Ministry of Land, Infrastructure, Transport and Tourism	Project aiming to develop a railway inspection solution using drones adapted to railway environments Maximum subsidy amount: 5.2 billion yen	The development phase of the prototype machine has been completed, and the project has moved on to the development phase of the mass production prototype.

In addition, regarding overseas activities, our Korean subsidiary "Liberaware Korea Co., Ltd.", established in November 2024, has achieved sales of IBIS2 to "SAMSUNG E&A" and is working to create new use cases and increase awareness toward establishing the indoor drone inspection market.

In addition, research and development activities related to the development of new products, such as the autonomous patrol camera 'Torinos,' next-generation IBIS including autonomous drones for indoor confined spaces, and next-generation software, have also progressed smoothly.

As a result of the above activities, the operating results for the three months ended May 20, 2024 were as follows: net sales of 294,290 thousand yen, operating loss of 614,292 thousand yen, ordinary loss of 605,561 thousand yen, and quarterly net loss attributable to owners of the parent of 605,823 thousand yen.

[Glossary]

*1 BIM/CIM: BIM stands for 'Building Information Modeling.' It refers to a solution that utilizes a database of structures, created by adding management information and other attribute data to a three-dimensional digital model of buildings 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. 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.

*4 Level 3.5 flight: Level 3.5 flight refers to a type of flight in which, by possessing an unmanned aircraft operator skill certificate, enrolling in insurance, and utilizing onboard cameras and other equipment, it has become easier to fly over roads, railways, and similar areas without the conventional requirement for entry control measures (such as the placement of assistants or signboards).

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 three months ended From August 1, 2025 until October 31, 2025
Drone Business	Inspection Solution	31,108
	Product Provision Services	187,292
Subtotal		218,400
Digital Twin Business	Data processing and analysis services	9,354
	Digital Twin Platform	19,678
Subtotal		29,032
Solution Development Business		44,715
New business area		2,142
Total		294,290

(2) Overview of financial positions for the quarter

(Assets)

As of the end of the first quarter of the consolidated fiscal period, current assets amounted to 1,208,119 thousand yen, a decrease of 253,589 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in consumption taxes refund receivable by 33,748 thousand yen and advance payments by 18,055 thousand yen, while cash and deposits decreased by 224,086 thousand yen and notes and accounts receivable - trade decreased by 122,884 thousand yen. Non-current assets amounted to 221,446 thousand yen, a decrease of 17,596 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in property, plant and equipment by 11,345 thousand yen.

As a result, total assets amounted to 1,429,566 thousand yen, a decrease of 271,186 thousand yen compared to the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the first quarter of the consolidated fiscal period, current liabilities amounted to 906,716 thousand yen, an increase of 350,417 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in accounts payable by 245,687 thousand yen and an increase in short-term borrowings by 100,000 thousand yen. Non-current liabilities amounted to 187,490 thousand yen, a decrease of 24,360 thousand yen compared to the end of the previous consolidated fiscal year. This was due to a decrease in long-term borrowings by 24,360 thousand yen.

As a result, total liabilities amounted to 1,094,206 thousand yen, an increase of 326,057 thousand yen compared to the end of the previous consolidated fiscal year.

(Net assets)

At the end of the first quarter of the consolidated fiscal period, total net assets amounted to 335,359 thousand yen, a decrease of 597,243 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of 605,823 thousand yen resulting from the recording of a quarterly net loss attributable to owners of the parent company.

As a result, the equity to total assets ratio was 21.6% (53.6% at the end of the previous consolidated fiscal year).

(3) Explanation regarding forward-looking statements such as consolidated forecasts

There are no changes to the consolidated forecasts for the fiscal year ending July 2026 from the full-year consolidated forecasts announced in the "Financial Results for the Fiscal Year Ended July 2025" on September 12, 2025.

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

(Unit: Thousands of yen)

	Previous fiscal year (July 31, 2025)	For the three months ended (October 31, 2025)
Assets		
Current assets		
Cash and deposit	751,988	527,902
Notes and trade receivables	323,009	200,124
Contract assets	36,918	54,419
Merchandise and finished goods	40,023	43,193
Work in process	13,510	8,559
Raw materials and supplies	108,977	126,436
Advance payments	29,774	47,829
Consumption taxes refund receivable	107,766	141,514
Others	51,234	59,083
Allowance for doubtful accounts	(1,492)	(944)
Total current asset	1,461,709	1,208,119
Non-current assets		
Property, plant, and equipment	129,397	118,051
Intangible assets	4,263	4,849
Investment Other assets	105,382	98,545
Total non-current assets	239,043	221,446
Total assets	1,700,752	1,429,566
Liabilities		
Current liabilities		
Trade payables	2,324	16,810
Short-term borrowings	200,000	300,000
Current portion of long-term borrowings	80,840	85,820
Accounts payable	75,602	321,290
Accrued expenses	122,185	66,446
Income taxes payable	819	479
Contract liabilities	66,093	76,260
Provision for bonuses	-	30,698
Others	8,432	8,911
Total current liabilities	556,299	906,716
Non-current liabilities		
Long-term borrowings	211,850	187,490
Total non-current liabilities	211,850	187,490
Total liabilities	768,149	1,094,206
Net assets		
Shareholders' equity		
Share capital	11,946	11,946
Capital surplus	852,063	852,063
Retained earnings	54,951	(550,871)
Total shareholders' equity	918,962	313,138
Accumulated other comprehensive income		
Foreign currency translation adjustment	(6,654)	(4,258)
Total accumulated other comprehensive income	(6,654)	(4,258)
Share acquisition rights	20,295	26,479
Total net assets	932,603	335,359
Total liabilities and net assets	1,700,752	1,429,566

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

(Unit: Thousands of yen)

	For the three months ended (From August 1, 2025 until October 31, 2025)
Revenue	294,290
Cost of sales	159,726
Gross profit	134,563
Selling, general and administrative expenses	748,856
Operating loss (-)	(614,292)
Non-operating income	
Interest income	373
Government grant income	15,442
Other	152
Total non-operating income	15,967
Non-operating expenses	
Interest expense	2,012
Share of loss of investments accounted for using equity method	5,210
Other	13
Total non-operating expenses	7,236
Ordinary loss (-)	(605,561)
Quarterly loss before income taxes (-)	(605,561)
Income taxes - current	261
Quarterly net loss (-)	(605,823)
Comprehensive income attributable to	
Quarterly net loss attributable to owners of the parent (-)	(605,823)
Other comprehensive income (loss), net of tax	
Foreign currency translation adjustment	(4,258)
Other comprehensive income, net of tax	(4,258)
Comprehensive income	(610,082)
Comprehensive income attributable to	
Quarterly comprehensive income attributable to owners of the parent	(610,082)

(3) Notes to the quarterly consolidated financial statements

(Notes on segment information, etc.)

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

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

There are no applicable items.

(Notes regarding the assumption of a going concern)

There are no applicable items.

(Notes on quarterly consolidated statement of cash flows)

The quarterly consolidated statement of cash flows for the three months ended has not been prepared. Depreciation for the three months ended (including amortization of intangible assets other than goodwill) is as follows.

	For the three months ended (From August 1, 2025 until October 31, 2025)
Depreciation	11,646 thousand yen

(Significant Subsequent Events)

(Issuance of new shares through third-party allotment)

At the Board of Directors meeting to be held on December 10, 2025, the Company resolved to issue new shares through a third-party allotment to Kyushu Electric Power Company, Incorporated, and the payment is scheduled to be completed on December 26, 2025.

(1) Type and number of shares to be issued: Common stock 35,800 shares

(2) Issue price : 1,396 yen per share

(3) Total issue price: 49,976 thousand yen

(4) Amount incorporated into capital: 698 yen per share

(5) Total amount incorporated into capital: 24,988 thousand yen

(6) Method of Offering or Allocation: Through third-party allotment.

(7) Allottee: Kyushu Electric Power Co., Inc.

(8) Use of funds: By integrating our advanced technologies in drones, robots, and AI/DX with the expertise and on-site capabilities of Kyushu Electric Power Co., Inc. in power infrastructure, we aim to improve safety, efficiency, and labor-saving in the inspection, maintenance, and management of power facilities. The funds are planned to be used for (i) sales and marketing expenses to establish a power infrastructure inspection model in the Kyushu area, and (ii) research and development expenses for drones, robots, and digital twins tailored to the power business.