

Translation

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

March 13, 2026

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Stock exchange listings:	Tokyo Stock Exchange
Stock code:	218 a
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Scheduled date for submission of interim report:	March 13, 2026
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 Six Months of the Fiscal Year Ending July 31, 2026 (from August 01, 2025 to January 31, 2026)

(1) Consolidated operating results (Cumulative)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
January 31, 2026	697	-	(942)	-	(515)	-	(516)	-
January 31, 2025	-	-	-	-	-	-	-	-

(Note) Comprehensive income Six months ended July 2026: (513) million yen (-%) Six months ended July 2025: - million yen (-%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
January 31, 2026	(27.29)	-
January 31, 2025	-	-

- (Note) 1. As the Company has prepared consolidated financial statements from the fourth quarter of the fiscal year ending July 2025, figures for the interim period of the fiscal year ending July 2025 and YoY changes for the interim period are not provided.
2. Although there are potential shares for the six months ending July 2026, diluted earnings per share is not stated because there was a net loss per share for the interim period.

(2) Consolidated financial positions

	Total assets	Equity	Equity to total assets ratio
As of	Million yen	Million yen	%
January 31, 2026	1,385	489	32.6
July 31, 2025	1,700	932	53.6

(Reference) Owner's equity As of the six months ended July 31, 2026: 451 million yen As of the fiscal year ended July 31, 2025: 912 million yen

2. Cash dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	At the end of the 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	-	0.00			
Fiscal year ending July 31, 2026 (Forecast)			-	0.00	0.00

(Note) Presence or absence of revisions from 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) Correction of financial forecast from the most recent financial forecast: None

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of accounting procedures specific to the preparation of interim consolidated 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 January 31, 2026	18,959,900 shares
As of July 31, 2025	18,896,600 shares

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

As of January 31, 2026	- shares
As of July 31, 2025	- shares

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

Six months ended January 31, 2026	18,910,864 shares
Six months ended January 31, 2025	18,839,781 shares

* The second quarter (interim) financial results report is not subject to review by certified public accountants or audit firms.

* Notes on 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 on the use of forecasts, please refer to the attached materials on page 4, "1. Overview of Operating Results, etc. (3) Explanation of Forward-Looking Information such as Consolidated Forecasts."

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Interim Period

As the Group has prepared interim consolidated financial statements starting from this interim consolidated accounting period, no comparative analysis with the same period of the previous year has 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 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 narrow and enclosed indoor spaces, which is a strength of our group. In addition, we aim to provide drone solutions tailored to special 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 faces 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, increasing demands for on-site safety, and requirements for data utilization and traceability. In particular, there is a growing 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. These needs are increasing year by year.

In the private sector, particularly in asset-heavy industries such as manufacturing, energy, railways, and construction, the main factors driving adoption are ensuring safety, standardizing quality, improving operating rates (reducing downtime), and enhancing maintenance planning. 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 through the amendment of the Basic Act on the Formation of a Digital Society on June 14, 2023, and the emergence of labor-saving and manpower-saving needs due to the strengthening of working hour regulations (Work Style Reform Related Law) from April 1, 2024. In addition, as a result of 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 inspection 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 have been advanced in the sewerage sector, and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has presented a roadmap for the use of drones in the sewerage sector in its materials (*2). In response, our group continued from the previous fiscal year to promote various initiatives aimed at expanding the use of drones in the sewerage sector.

Specifically, in order to advance development sophistication, accelerate social implementation, and expand sales and adoption, we promoted business collaboration with core companies in the sewerage industry. In addition, we joined the Japan Sewage

Works Association and the Japan Sewer Pipeline Management Association, and established a cooperative framework to standardize sewer inspections using drones. Furthermore, during the six months ended September 30, 2024, we collaborated with local governments across Japan and conducted and received orders for infrastructure surveys of sewer pipes and other facilities at more than 10 locations (cumulative total of over 40 locations).

In addition, the IBIS2 distributor system, which was launched in the current fiscal year, is progressing smoothly, and a total of five companies (as of the end of February 2026) with extensive infrastructure-related networks and customer bases in various regions have joined.

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: 0.4700000000000003 billion yen	We are promoting the automation of construction site management by combining remote-controlled autonomous drones with the following technologies. Regarding remote drone flights, demonstration of Level 3.5 flight (*4) has been completed, and it has been confirmed that safe operation is possible. <ul style="list-style-type: none"> • Progress management utilizing BIM/CIM models and point clouds • Generation of point clouds with accuracy suitable for as-built measurement of concrete structures • Crack detection using AI - Utilization of 3D Gaussian Splatting (*5) in safety management and patrols
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 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. We are developing a comprehensive solution that supports railway inspections seamlessly from work requests to drone flights and 3D modeling.

In addition, regarding overseas activities, in South Korea, we continued to promote awareness expansion and the creation of use cases toward market formation, and participated as a speaker in a discussion held at the National Assembly. In Southeast Asia, we are developing instructor training and establishing an operational personnel base while utilizing Global South subsidies.

In addition, research and development activities related to product development such as next-generation IBIS and next-generation software also progressed smoothly.

As a result of the above activities, the operating results for the six months ended September 30, 2024 were as follows: Net sales of 697,213 thousand yen, operating loss of 942,653 thousand yen, ordinary loss of 515,629 thousand yen, and net loss attributable to owners of the parent of 516,152 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 three-dimensional digital models 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 refers to a system in which the Cabinet Office 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, obtaining 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 signs).
- *5 3D Gaussian Splatting: A method that represents space using numerous 'Gaussians (blurred spheres)' to rapidly synthesize and display photorealistic 3D images.

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 six months ended From August 1, 2025 Until January 31, 2026
Drone Business	Inspection Solution	107,188
	Product Provision Services	317,725
Subtotal		424,914
Digital Twin Business	Data processing and analysis services	41,231
	Digital Twin Platform	40,798
Subtotal		82,030
Solution Development Business		166,040
New business area		24,227
Total		697,213

(2) Overview of Financial Positions for the Interim Period

(Assets)

Current assets as of the end of the interim consolidated accounting period amounted to 1,168,403 thousand yen, a decrease of 293,305 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to increases in contract assets by 68,339 thousand yen, advance payments by 55,408 thousand yen, and work in process by 11,772 thousand yen, while cash and deposits decreased by 219,960 thousand yen, notes and accounts receivable - trade decreased by 140,521 thousand yen, and consumption taxes refund receivable decreased by 68,391 thousand yen. Non-current assets amounted to 216,660 thousand yen, a decrease of 22,382 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 19,421 thousand yen.

As a result, total assets amounted to 1,385,064 thousand yen, a decrease of 315,688 thousand yen compared to the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the interim consolidated accounting period amounted to 727,622 thousand yen, an increase of 171,322 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to increases in short-term borrowings by 100,000 thousand yen, contract liabilities by 24,543 thousand yen, and accrued expenses by 23,495 thousand yen. Non-current liabilities amounted to 168,400 thousand yen, a decrease of 43,450 thousand yen compared to the end of the previous consolidated fiscal year. This was due to a decrease in long-term borrowings by 43,450 thousand yen.

As a result, total liabilities amounted to 896,022 thousand yen, an increase of 127,872 thousand yen compared to the end of the previous consolidated fiscal year.

(Net assets)

At the end of the interim consolidated accounting period, total net assets amounted to 489,042 thousand yen, a decrease of 443,560 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in share capital and capital surplus by 26,388 thousand yen each as a result of the exercise of share acquisition rights and a third-party allotment of shares, but retained earnings decreased by 516,152 thousand yen due to the recording of an interim net loss attributable to owners of the parent company.

As a result, the equity to total assets ratio was 32.6% (53.6% at the end of the previous fiscal year).

(3) Explanation regarding consolidated forecasts and other forward-looking statements

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

(Unit: Thousands of yen)

	Previous fiscal year (July 31, 2025)	For the six months ended (January 31, 2026)
Assets		
Current assets		
Cash and deposit	751,988	532,027
Notes and trade receivables	323,009	182,487
Contract assets	36,918	105,257
Merchandise and finished goods	40,023	42,668
Work in process	13,510	25,283
Raw materials and supplies	108,977	105,007
Advance payments	29,774	85,182
Consumption taxes refund receivable	107,766	39,374
Other	51,234	52,363
Allowance for doubtful accounts	(1,492)	(1,249)
Total current asset	1,461,709	1,168,403
Non-current assets		
Property, plant, and equipment	129,397	109,976
Intangible assets	4,263	4,328
Investment Other assets	105,382	102,355
Total non-current assets	239,043	216,660
Total assets	1,700,752	1,385,064
Liabilities		
Current liabilities		
Trade payables	2,324	4,230
Short-term borrowings	200,000	300,000
Current portion of long-term borrowings	80,840	90,800
Accounts payable	75,602	83,493
Accrued expenses	122,185	145,681
Income taxes payable	819	1,050
Contract liabilities	66,093	90,636
Other	8,432	11,728
Total current liabilities	556,299	727,622
Non-current liabilities		
Long-term borrowings	211,850	168,400
Total non-current liabilities	211,850	168,400
Total liabilities	768,149	896,022
Net assets		
Shareholders' equity		
Share capital	11,946	38,335
Capital surplus	852,063	878,452
Retained earnings	54,951	(461,200)
Total shareholders' equity	918,962	455,587
Accumulated other comprehensive income		
Foreign currency translation adjustment	(6,654)	(4,240)
Total accumulated other comprehensive income	(6,654)	(4,240)
Share acquisition rights	20,295	37,695
Total net assets	932,603	489,042
Total liabilities and net assets	1,700,752	1,385,064

(2) Consolidated Statement of Income and Statement of Comprehensive Income for the Interim Period

(Unit: Thousands of yen)

	For the six months ended From August 1, 2025 until January 31, 2026
Revenue	697,213
Cost of sales	374,436
Gross profit	322,776
Selling, general and administrative expenses	1,265,429
Operating loss (-)	(942,653)
Non-operating income	
Interest income	389
Government grant income	441,335
Other	1,589
Total non-operating income	443,314
Non-operating expenses	
Interest expense	3,792
Share of loss of investments accounted for using equity method	11,351
Other	1,148
Total non-operating expenses	16,291
Ordinary loss (-)	(515,629)
Interim loss before income taxes and other adjustments (-)	(515,629)
Income taxes - current	522
Interim net loss (-)	(516,152)
Comprehensive income attributable to	
Interim net loss attributable to owners of the parent (-)	(516,152)
Other comprehensive income (loss), net of tax	
Foreign currency translation adjustment	2,413
Other comprehensive income, net of tax	2,413
Comprehensive income	(513,738)
Comprehensive income attributable to	
Interim comprehensive income attributable to owners of the parent	(513,738)

(3) Interim Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	For the six months ended From August 1, 2025 Until January 31, 2026
Cash flows from operating activities	
Interim loss before income taxes and other adjustments (-)	(515,629)
Depreciation	23,419
Interest income and dividends income	(389)
Interest expense	3,792
Government grant income	(441,335)
Share of loss (profit) of investments accounted for using the equity method	11,351
Share-based payment expenses	17,400
Decrease (increase) in trade receivables	138,607
(Increase) decrease in contract assets	(68,339)
(Increase) decrease in inventories	(10,442)
Increase (decrease) in advance payments (- indicates increase)	(55,383)
Decrease (increase) in consumption taxes refund receivable	68,543
Increase (decrease) in trade payables	1,873
Increase (decrease) in contract liabilities	26,303
Increase (decrease) in accounts payable (negative indicates decrease)	11,886
Increase (decrease) in accrued expenses	23,495
Increase (decrease) in other assets (- indicates increase)	(1,939)
Increase (decrease) in other liabilities (- indicates decrease)	3,166
Other	(1,195)
Subtotal	(764,814)
Interest and dividends received	389
Interest paid	(3,705)
Income taxes paid	(875)
Subsidies received	441,335
Cash flows from operating activities	(327,670)
Cash flows from investing activities	
Purchase of property and equipment	(5,550)
Purchase of intangible assets	(1,107)
Payments of leasehold and guarantee deposits	(7,198)
Cash flows from investing activities	(13,855)
Cash flows from financing activities	
Increase (decrease) in short-term borrowings	100,000
Repayment of long-term borrowings	(33,490)
Proceeds from issuance of shares	49,465
Proceeds from exercise of employee share options	2,800
Cash flows from financing activities	118,775
Effect of exchange rate change on cash and cash equivalents	2,791
Increase (decrease) in cash and cash equivalents	(219,960)
Cash and cash equivalents at the beginning of the period	751,988
Cash and cash equivalents at the end of the interim period	532,027

(4) Notes to the Interim Consolidated Financial Statements

(Notes on Segment Information, etc.)

As our group operates in a single segment, the Infrastructure DX business, segment information is omitted.

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

During the six months ended September 30, 2024, the Company received payments through the exercise of share acquisition rights and, on December 26, 2025, received payment for a third-party allotment of shares from Kyushu Electric Power Co., Inc. As a result, during the six months ended September 30, 2024, share capital and legal capital surplus each increased by 26,388 thousand yen, resulting in share capital of 38,335 thousand yen and capital surplus of 878,452 thousand yen as of the end of the six months ended September 30, 2024.

(Notes regarding the assumption of a going concern)

There are no applicable matters.

(Significant Subsequent Events)

(Issuance of new shares through third-party allotment)

At the Board of Directors meeting held on March 13, 2026, the Company resolved to issue new shares through a third-party allotment, with payment scheduled to be completed on March 31, 2026.

(1) Payment date: March 31, 2026

(2) Type and number of shares to be issued: Common stock 657,800 shares

(3) Issue price: 1,612 yen per share

(4) Total issue price: 1,060,373 thousand yen

(5) Amount incorporated into capital: 806 yen per share

(6) Total amount incorporated into capital: 530,186 thousand yen

(7) Method of offering or allocation: Through third-party allotment.

(8) Allottee and number of allotted shares: Nippon Hume Corporation 310,200 shares

NISUIKON Co., Ltd. 310,200 shares

Kansei Kogyo Co., Ltd. 18,700 shares

Yamada Shokai Co., Ltd. 18,700 shares

(9) Use of funds: (i) Research and development expenses (personnel expenses, outsourcing expenses, material costs, etc.) for next-generation IBIS aimed at performance improvement, remote operation, and automation.

(ii) Promotional expenses related to proposal activities (such as demonstrations and on-site verifications, participation in exhibitions and seminars, and strengthening of sales structures) for municipalities and maintenance management operators to promote the use of drones in the water supply and sewerage sector, as well as development expenses related to functional improvements, quality verification, and on-site application support based on operational requirements in this sector (such as safety standards and data linkage).