Translation

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Consolidated Financial Results for the Fiscal Year Ended July 31, 2026 (Under Japanese GAAP)

September 14, 2026

Company name:	Liberaware Co., ltd.
Stock exchange listings:	Tokyo Stock Exchange
Stock code:	218A
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 29, 2026
Scheduled date for dividend payment:	None
Scheduled date for submission of securities report:	October 28, 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 Fiscal Year Ended July 31, 2026 (from August 01, 2025 to July 31, 2026)

(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, 2026	1,595	13.4	(2,397)	-	(807)	-	(811)	-
July 31, 2025	1,406	-	(1,588)	-	46	-	46	-

(Note) Comprehensive income Fiscal year ending July 2026 (809) million yen (-%) Fiscal year ending July 2025 39 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 ratio
Fiscal year ended	Yen	Yen	%	%	%
July 31, 2026	(42.27)	-	(75.2)	(43.3)	(150.3)
July 31, 2025	2.44	2.27	5.1	2.8	(112.9)

(Reference) Investment profit (loss) on equity method Fiscal year ending July 2026 21 million yen Fiscal year ended July 2025 30 million yen

(Note) 1. As we have prepared consolidated financial statements since the fiscal year ended July 2025, the percentage change from the previous fiscal year for the fiscal year ended July 2025 is not stated.

2. Regarding Diluted earnings per share for the fiscal year ending July 2026, although potentially dilutive shares exist, it is not presented because it is a net loss per share.

(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, 2026	2,029	1,291	61.4	62.76
July 31, 2025	1,700	932	53.6	48.28

(Reference) Owner's equity Fiscal year ending July 2026 1,246 million yen Fiscal year ending July 2025 912 million yen

(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, 2026	(624)	(143)	845	832
July 31, 2025	(363)	(61)	122	751

2. Cash dividends

	Annual dividends per share					Total dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended July 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended July 31, 2026	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending July 31, 2027 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending July 31, 2027 (from August 01, 2026 to July 31, 2027)

(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, 2027	2,300	44.2	(2,898)	-	(1,106)	-	(1,109)	-	(55.82)

(Note) As we manage our operations on an annual basis, the forecasts for the second quarter (cumulative) are omitted. For details, please refer to the attached materials, P.5, "1. Overview of operating results, etc. (4) Outlook."

※ Notes

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

(2) Changes in accounting policies, Changes in accounting estimates, Retrospective restatement

(i) Changes in accounting policies based on revisions of accounting standard: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 shares)

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

As of July 31, 2026	19,868,700 shares
As of July 31, 2025	18,896,600 shares

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

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

(iii) Average number of shares outstanding during the period

Fiscal year ended July 31, 2026	19,199,217 shares
Fiscal year ended July 31, 2025	18,860,806 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended July 31, 2026 (from August 01, 2025 to July 31, 2026)

(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, 2026	1,585	12.6	(2,373)	-	(805)	-	(809)	-
July 31, 2025	1,409	72.8	(1,573)	-	30	-	29	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
July 31, 2026	(42.18)	-
July 31, 2025	1.57	1.46

(Note) Diluted earnings per share for the fiscal year ending July 2026 is not stated because, although there are potential shares, it is a net loss per share.

(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, 2026	2,008	1,272	61.1	61.78
July 31, 2025	1,681	913	53.1	47.29

(Reference) Owner's equity Fiscal year ended July 2026 1,227 million yen Fiscal year ended July 2025 893 million yen

※ Financial results summaries are not subject to audits by certified public accountants or audit corporations.

※ Explanation regarding the appropriate use of Forecasts, and other matters of note

(Notes on forward-looking statements, etc.)

Descriptions regarding future matters, including business performance forecasts, stated in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended to constitute a commitment by the Company that such forecasts will be achieved. In addition, actual business performance, etc. may differ significantly due to various factors. For the conditions underlying the Forecasts and precautions concerning the use of the Forecasts, please refer to “1. Overview of Operating results, etc. (4) Outlook for the future” on page 5 of the attached materials.

○Table of Contents of Attached Materials

1. Overview of Operating Results, etc.

(1) Overview of Operating results for the Current period

Under the vision of “visualizing invisible risks,” our Group provides various solutions that support improvements in safety, efficiency, and sustainability in the maintenance and inspection of industrial infrastructure by utilizing drones, robots, and data processing and analysis technologies. Among these, infrastructure and equipment inspections in “narrow, dark, and dangerous” special environments where indoor GPS signals cannot reach represent one of the areas in which our Group can best demonstrate its strengths. Using our proprietary indoor inspection drone for confined spaces, “IBIS,” we provide end-to-end services ranging from data acquisition in spaces that are difficult for people to enter to digitalization, including data processing and AI analysis using the spatial iPaaS platform “LAPIS” (※1) and cloud management.

Our Group's solutions provide a new option for addressing urgent social issues such as the increasing deterioration of infrastructure, labor shortages, and the aging of skilled workers by enabling inspections and surveys to be conducted without people entering the sites. We believe that disseminating our Group's solutions will lead to strengthening Japan's industrial infrastructure and realizing our mission of "creating a safe society for everyone."

In recent years, the business environment surrounding drones has changed significantly. In addition to applications aimed at improving operational efficiency, primarily through conventional aerial photography, surveying, and inspection, the use of unmanned aircraft has expanded across a wide range of fields that support social infrastructure, including infrastructure maintenance, disaster prevention and response, logistics, and national security. Furthermore, against the backdrop of changes in the international situation and growing interest in economic security, the importance of Japan’s domestic unmanned aircraft industrial base has also increased, encompassing not only aircraft performance but also data security, procurement of key components, production capacity, and maintenance and operation systems.

In Japan, in addition to the development of systems and regulations toward the social implementation of unmanned aircraft, efforts to develop, produce, and stably supply domestically produced unmanned aircraft, as well as to strengthen supply chains, including those for critical components, are progressing. Drones are shifting in status from equipment that improves the efficiency of individual operations to an important social and industrial infrastructure utilized across a wide range of fields, including the private sector, public sector, and national security.

Furthermore, in the field of maintenance and inspection of industrial infrastructure, in addition to improving safety, demand is also growing for the standardization of inspection quality and the accumulation and utilization of acquired data. In the private sector, the use of drones and digital technologies is advancing, particularly in manufacturing, energy, railways, and construction, for purposes such as shortening equipment downtime and upgrading maintenance planning. Meanwhile, in the public sector, the social implementation of drones is also progressing in roads, sewerage systems, rivers, erosion control, railways, and other areas, against the backdrop of addressing aging infrastructure, labor saving, disaster prevention, and disaster response. In particular, in confined, enclosed, and hazardous environments where inspections by people are difficult, demand is growing for digitalization that comprehensively covers everything from data acquisition by drones to three-dimensional modeling, AI analysis, and cloud-based management.

Overseas as well, particularly in the field of critical infrastructure, there has been a growing movement to place greater emphasis on national security, data management, and supply chain stability, resulting in increasing demand for drones and related systems equipped with reliability and safety.

Against the backdrop of these changes in the business environment, our Group has been working to promote the deployment of drones in society and DX in the infrastructure industry by promoting the use of drones for inspections in confined indoor spaces and developing new products and solutions. In addition, by leveraging the technologies and expertise cultivated to date, we have expanded the application areas of drone solutions to various special environments, including railways, construction, and disaster prevention and response, where labor shortages and ensuring safety are challenges. Furthermore, we proceeded with the development of technologies for autonomous flight, remote operation, and advanced processing and analysis of acquired data, and worked to strengthen our business infrastructure for providing integrated services ranging from data acquisition by drones through analysis and management.

In particular, in the sewerage sector, triggered by the road collapse accident that occurred in Yashio City, Saitama Prefecture, in January 2025, as efforts to advance inspections and surveys nationwide progressed, our Group also conducted inspections and surveys using IBIS at municipalities and other entities throughout Japan. In addition, we released “IBIS2 C,” which aims to enhance a series of operations involving distance measurement in sewer pipelines, measurement of damaged locations, and report preparation, and promoted initiatives toward the practical implementation of inspections that do not require people to enter pipelines.

In the disaster prevention and disaster response field, we provided disaster relief support utilizing IBIS in response to the 2026 Kumamoto Earthquake, and took prompt initial action by leveraging the expertise cultivated through responses to past disasters and collaboration with relevant organizations and partners.

Furthermore, amid growing social demand for the development, mass production, and stable supply of domestically produced unmanned aircraft against the backdrop of national security and economic security, our group also utilized the drone development technologies and operational know-how in special environments that it has cultivated to date, and advanced initiatives toward realizing the concept of a dual-use domestically produced unmanned aircraft platform (※2) with a view to expanding into the civilian, public, and national security fields. Specifically, with a view to the development and supply of domestically produced unmanned aircraft, the establishment of a domestic supply chain, and expansion into the field of critical component parts, we advanced activities aimed at building a business foundation.
In addition, among our growth strategies, the two national projects under the SBIR system (※3) led by the Cabinet Office, which were adopted in the previous fiscal year, also progressed smoothly as described below.

SBIR project name	Jurisdiction・Leading party	Contents	Progress
"Advanced technological development and demonstration in construction execution and disaster information collection (labor saving, automation, and decarbonization)"	Ministry of Land, Infrastructure, Transport and Tourism	DX solution development project using drones aimed at improving operational efficiency at construction sites Maximum grant amount: 0.47 billion yen	Completed development under the SBIR program and commercialized in July 2026 Started sales rollout of construction management DX through remote autonomous drones, 3D modeling, AI inspections, etc.
"Technology development and demonstration contributing to the efficiency and labor-saving of railway facility maintenance"	Ministry of Land, Infrastructure, Transport and Tourism	Project aimed at developing a railway inspection solution using drones adapted to the railway environment Maximum subsidy amount: 5.2 billion yen	Develop and validate mass-production prototype aircraft while building a railway inspection solution that provides end-to-end support from work requests through drone flights to 3D data creation.

Overseas, we promoted awareness and the creation of use cases toward the formation of the indoor drone inspection market, mainly in Asian markets including South Korea, while also advancing the verification of applicability and business development, primarily in the energy infrastructure fields such as nuclear power and electricity, in various regions including Europe.
As a result of the above activities, Operating results for the Current consolidated fiscal year were Net sales 1,595,120 thousand yen (13.4% increase YoY), operating loss 2,397,300 thousand yen (operating loss of 1,588,703 thousand yen in the Previous corresponding period), ordinary loss 807,494 thousand yen (Ordinary profit 46,978 thousand yen in the Previous corresponding period), and net loss attributable to owners of parent 811,564 thousand yen (Profit attributable to owners of parent 46,081 thousand yen in the Previous corresponding period).
[Glossary of Terms]
※1 The spatial iPaaS platform "LAPIS" is a spatial iPaaS (Integration Platform as a Service) that seamlessly connects the acquisition, visualization, analysis, and display of data in equipment maintenance. Its greatest feature is that it can connect our proprietary technology platform (the LAPIS Core series) with a wide variety of devices and software from other companies to build a single ecosystem (the LAPIS ecosystem).
※2 A domestic unmanned aircraft platform refers not simply to the development and manufacture of domestically produced unmanned aircraft, but to an initiative to establish a system capable of continuously developing, manufacturing, and supplying in Japan unmanned aircraft required in areas important to Japanese society, such as disaster prevention, disaster response, critical infrastructure protection, and national security, while providing maintenance, operational support, and improvements in an integrated manner. In addition to the aircraft themselves, this platform includes communications, control, AI, components, manufacturing systems, quality control, maintenance systems, and a foundation for utilizing acquired data. It also aims to create new Finished goods, services, and businesses through co-creation with companies and related organizations possessing strengths in each area.
In this context, "dual-use" does not mean that a single aircraft is limited to use for both civilian and defense purposes; rather, it refers to the concept of deploying common technologies and common platforms, such as aircraft, communications, control, AI, components, manufacturing, and quality control, across multiple fields, including disaster prevention, infrastructure, and national security.

※3 The SBIR system is an initiative aimed at creating innovation and unicorns by setting budget expenditure targets under the leadership of the Cabinet Office and providing consistent support through collaboration among the relevant ministries and agencies, from the initial stages of research and development through government procurement and civilian use.

Furthermore, as our group operates in a single segment, the Infrastructure Maintenance Business, descriptions by segment have been omitted. The status of Net sales classified by our group's main services is as follows.

(Unit: Thousands of yen)

Business segment names		Previous consolidated fiscal year (From August 1, 2024 To July 31, 2025)	Current consolidated fiscal year (From August 1, 2025 To July 31, 2026)
Drone business	Inspection Solutions	285,532	223,864
	Product provision services	521,867	597,015
Subtotal		807,399	820,879
Digital twin Business	Data Processing and Analysis Services	153,013	225,506
	Digital twin Platform	70,455	87,542
Subtotal		223,468	313,048
Solution Development Business		376,081	402,116
New domains		-	59,076
Total		1,406,949	1,595,120

(2) Overview of Current Financial positions

(Assets)

At the end of the Current consolidated fiscal year, Current assets amounted to 1,660,103 thousand yen, an increase of 198,394 thousand yen compared with the end of the Previous consolidated fiscal year. This was mainly due to increases of 80,242 thousand yen in Cash and deposits, 72,035 thousand yen in Contract assets, 28,298 thousand yen in Advance payments, and 19,819 thousand yen in Raw materials and supplies, while Notes and accounts receivable - trade decreased by 54,486 thousand yen. Non-current assets amounted to 369,714 thousand yen, an increase of 130,670 thousand yen compared with the end of the Previous consolidated fiscal year. This was mainly due to increases of 29,999 thousand yen in Investment securities, 26,481 thousand yen in Tools, furniture and fixtures (net), and 23,938 thousand yen in Buildings (net).

As a result, total Assets amounted to 2,029,817 thousand yen, an increase of 329,064 thousand yen from the end of the Previous consolidated fiscal year.

(Liabilities)

As of the end of the Current consolidated fiscal year, Current liabilities amounted to 614,178 thousand yen, an increase of 57,878 thousand yen compared with the end of the Previous consolidated fiscal year. This was mainly due to increases of 95,882 thousand yen in Contract liabilities, 65,283 thousand yen in accounts payable, and 60,519 thousand yen in Accrued expenses, while Short-term borrowings decreased by 200,000 thousand yen. Non-current liabilities amounted to 123,991 thousand yen, a decrease of 87,858 thousand yen compared with the end of the Previous consolidated fiscal year. This was mainly due to a decrease of 92,210 thousand yen in Long-term borrowings.

As a result, total Liabilities amounted to 738,169 thousand yen, a decrease of 29,979 thousand yen compared with the end of the Previous consolidated fiscal year.

(Net assets)

At the end of the Current consolidated fiscal year, total Net assets amounted to 1,291,647 thousand yen, an increase of 359,044 thousand yen compared with the end of the Previous consolidated fiscal year. This was mainly due to increases of 571,891 thousand yen each in Share capital and Capital surplus resulting from Exercise of share acquisition rights and a third-party allocation of shares, while Retained earnings decreased by 811,564 thousand yen due to the recording of net loss attributable to owners of the parent.

As a result, the Equity to total assets ratio was 61.4% (53.6% at the end of the Previous consolidated fiscal year).

(3) Overview of Cash Flows for the Current Period

The balance of cash and cash equivalents (hereinafter, “funds”) at the end of the Current consolidated fiscal year was 832,230 thousand yen (compared with the same period of the previous year increased by 10.7%).

The Cash flows and their contributing factors for the Current consolidated fiscal year are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 624,357 thousand yen (up 71.8% YoY). This was mainly due to a pretax net loss of 807,494 thousand yen and an increase in Contract assets of 72,035 thousand yen, despite increases in Contract liabilities of 95,882 thousand yen, accounts payable of 67,658 thousand yen, and Accrued expenses of 60,519 thousand yen.

(Cash flows from investing activities)

Funds used in investing activities amounted to 143,188 thousand yen (up 133.4% YoY). This was mainly due to, Purchase of property, plant and equipment98,776 thousand yen, Purchase of investment securities29,999 thousand yen, Payments of leasehold and guarantee deposits24,175 thousand yen.

(Cash flows from financing activities)

Funds provided by financing activities amounted to 845,012 thousand yen (up 590.8% YoY). This was mainly due to Proceeds from issuance of shares1,104,132 thousand yen, while there were a net decrease in Short-term borrowings of 200,000 thousand yen and Repayments of long-term borrowings of 80,840 thousand yen.

(4) Future outlook

Regarding the business environment going forward, in addition to the expanding need for labor-saving and automation driven by the aging of industrial infrastructure and labor shortages, the importance of drones and robots is also increasing from the perspectives of disaster prevention, disaster response, and national security, and we recognize that the market environment surrounding our Group is entering a major turning point. In particular, the drone market is transitioning from a stage centered on demonstrations to full-scale introduction and implementation in society, while social demand is also increasing for the development, production, and stable supply of domestically produced unmanned aircraft, as well as the establishment of domestic supply chains.

Under these circumstances, our Group will continue to prioritize the enhancement of corporate value over the medium to long term and make growth investments in research and development, human resources, and business infrastructure for the fiscal year ending July 2027. Meanwhile, by successively commercializing and monetizing the results of the upfront investments made to date, we will aim to transition to the next growth phase.

Specifically, with a view to the social implementation of drones in the industrial infrastructure sector, including sewerage systems, we will promote the expansion of our existing businesses, expand the areas of application to railways, construction and other sectors through new products, enhance services utilizing data and AI, and develop overseas markets. In addition, with regard to the dual-use domestic unmanned aircraft platform business, with a view to expanding into the civil, public and national security sectors, we will promote the development and supply of domestic unmanned aircraft, the establishment of a domestic supply chain, and expansion into the field of critical component parts, aiming to establish a new earnings base in the future.

Through these initiatives, we will steadily promote the growth of our existing infrastructure maintenance business, while expanding our business domains by leveraging the development technologies for drones and robots, operational expertise in special environments, and data processing and analysis technologies that we have cultivated to date, thereby seeking to achieve medium- to long-term growth and improve profitability.

Accordingly, the consolidated Forecasts for the next consolidated fiscal year (fiscal year ending July 2027) are Net sales2,300,000 thousand yen (44.2% increase YoY), operating loss2,898,000 thousand yen (operating loss of 2,397,300 thousand yen in the same period of the previous year), ordinary loss1,106,000 thousand yen (ordinary loss of 807,494 thousand yen in the same period of the previous year), and net loss attributable to owners of the parent1,109,000 thousand yen (net loss of 811,564 thousand yen in the same period of the previous year).

Furthermore, the above consolidated Forecasts include Research and development expenses1,992,000 thousand yen and Non-operating income's Subsidy income1,785,000 thousand yen as the impact amounts of projects related to the SBIR system.

2.Basic approach to the selection of accounting standards

Our Group applies Japanese accounting standards, taking into consideration comparability among companies and over time.

3. Consolidated Financial Statements and Major Notes (1) Consolidated Balance sheet

(Unit: Thousands of yen)

	Previous consolidated fiscal year (July 31, 2025)	Current consolidated fiscal year (July 31, 2026)
Assets		
Current assets		
Cash and deposit	751,988	832,230
Notes and trade receivables	323,009	268,522
Contract assets	36,918	108,953
Merchandise and finished goods	40,023	33,365
Work in process	13,510	19,160
Raw materials and supplies	108,977	128,796
Advance payments	29,774	58,072
Consumption taxes refund receivable	107,766	124,398
Other	51,234	87,995
Allowance for doubtful accounts	(1,492)	(1,393)
Total current asset	1,461,709	1,660,103
Non-current assets		
Property, plant, and equipment		
Buildings, net	23,700	47,639
Vehicles, net	-	7,482
Tools, furniture and fixtures, net	99,924	126,406
Construction in progress	5,772	3,340
Total property, plant and equipment, net	129,397	184,868
Intangible assets		
Software	4,263	3,294
Intangible assets total	4,263	3,294
Investment Other assets		
Investment securities	-	29,999
Shares of subsidiaries and associates	73,018	94,045
Other	32,364	57,506
Investments Other assets Total	105,382	181,551
Total non-current assets	239,043	369,714
Total assets	1,700,752	2,029,817

(Unit: Thousands of yen)

	Previous consolidated fiscal year (July 31, 2025)	Current consolidated fiscal year (July 31, 2026)
Liabilities		
Current liabilities		
Trade payables	2,324	8,656
Short-term borrowings	200,000	-
Current portion of long-term borrowings	80,840	92,210
Accounts payable	75,602	140,886
Accrued expenses	122,185	182,704
Income taxes payable	819	15,152
Contract liabilities	66,093	161,975
Other	8,432	12,591
Total current liabilities	556,299	614,178
Non-current liabilities		
Long-term borrowings	211,850	119,640
Deferred tax liabilities	-	642
Asset retirement obligations	-	3,709
Total non-current liabilities	211,850	123,991
Total liabilities	768,149	738,169
Net assets		
Shareholders' equity		
Share capital	11,946	23,865
Capital surplus	852,063	1,983,927
Retained earnings	54,951	(756,612)
Total shareholders' equity	918,962	1,251,179
Accumulated other comprehensive income		
Foreign currency translation adjustment	(6,654)	(4,318)
Total accumulated other comprehensive income	(6,654)	(4,318)
Share acquisition rights	20,295	44,786
Total net assets	932,603	1,291,647
Total liabilities and net assets	1,700,752	2,029,817

(2) Consolidated profit or loss and Statement of comprehensive income

(Unit: Thousands of yen)

	Previous consolidated fiscal year (From August 1, 2024 through July 31, 2025)	Current consolidated fiscal year (From August 1, 2025 To July 31, 2026)
Revenue	1,406,949	1,595,120
Cost of sales	736,959	918,710
Gross profit	669,989	676,410
Selling, general and administrative expenses	2,258,692	3,073,710
Operating loss (-)	(1,588,703)	(2,397,300)
Non-operating income		
Interest income	515	894
Government grant income	1,603,384	1,574,122
Share of income of investments accounted for using the equity method	30,147	21,027
Other	13,482	13,015
Total non-operating income	1,647,529	1,609,060
Non-operating expenses		
Interest expense	11,297	6,550
Share issuance costs	30	6,314
Commission expenses	-	3,000
Foreign exchange losses	-	2,607
Other	521	782
Total non-operating expenses	11,848	19,254
Ordinary profit (loss)	46,978	(807,494)
Net income before income taxes and other taxes or net loss for the period before income taxes and other taxes (-)	46,978	(807,494)
Income taxes - current	897	3,428
Income taxes - deferred	-	642
Income taxes Total	897	4,070
Profit (loss)	46,081	(811,564)
Comprehensive income attributable to		
Profit (loss) attributable to owners of parent	46,081	(811,564)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	(6,654)	2,335
Other comprehensive income, net of tax	(6,654)	2,335
Comprehensive income	39,426	(809,228)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	39,426	(809,228)

(3) Consolidated Statement of changes in equity

Previous consolidated fiscal year (For the fiscal year ended July 31, 2025)

(Unit: Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of Current 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)	452,420	-	-
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 current 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 beginning of Current period	-	-	5,512	865,629
Changes during period				
Issuance of new shares - exercise of share acquisition rights	-	-	-	3,893
Capital reduction	-	-	-	-
Deficit disposition	-	-	-	-
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 Current period	(6,654)	(6,654)	20,295	932,603

For the fiscal year ended July 31, 2026

(Unit: Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total Shareholders' Equity
Balance at beginning of current period	11,946	852,063	54,951	918,962

Changes during period				
Issuance of new shares	555,175	555,175	-	1,110,350
Issuance of new shares - exercise of share acquisition rights	16,715	16,715	-	33,431
Capital reduction	(559,972)	559,972	-	-
Net loss for the current period attributable to owners of parent (-)	-	-	(811,564)	(811,564)
Changes during period (Net) of items other than Shareholders' equity	-	-	-	-
Total changes during period	11,918	1,131,863	(811,564)	332,217
Balance at end of Current period	23,865	1,983,927	(756,612)	1,251,179

	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 beginning of current period	(6,654)	(6,654)	20,295	932,603
Changes during period				
Issuance of new shares	-	-	-	1,110,350
Issuance of new shares - exercise of share acquisition rights	-	-	-	33,431
Capital reduction	-	-	-	-
Net loss (-) attributable to owners of the parent	-	-	-	(811,564)
Changes during period (net) for items other than Shareholders' equity	2,335	2,335	24,491	26,827
Total changes during period	2,335	2,335	24,491	359,044
Balance at end of Current period	(4,318)	(4,318)	44,786	1,291,647

(4) Consolidated Statement of cash flows

(Unit: Thousands of yen)

	Previous consolidated fiscal year (From August 1, 2024 through July 31, 2025)	Current consolidated fiscal year (From August 1, 2025 through July 31, 2026)
Cash flows from operating activities		
Income before income taxes Net income or income before income taxes net loss (-)	46,978	(807,494)
Depreciation	47,235	58,521
Interest income	(515)	(894)
Interest expense	11,297	6,550
Government grant income	(1,603,384)	(1,574,122)
Subsidy income	(12,900)	(1,000)
Share of loss (profit) of investments accounted for using the equity method	(30,147)	(21,027)
Share–based payment expenses	14,782	36,203
Decrease (increase) in trade receivables	(181,307)	54,389
(Increase) decrease in contract assets	(33,191)	(72,035)
(Increase) decrease in inventories	(51,849)	(18,805)
Advance payments change (- indicates increase)	(17,641)	(28,271)
Decrease (increase) in consumption taxes refund receivable	(107,783)	(16,583)
Increase (decrease) in trade payables	(5,127)	6,300
Increase (decrease) in contract liabilities	3,487	95,882
Increase/decrease in accounts payable (- indicates a decrease)	(9,453)	67,658
Increase (decrease) in accrued expenses	40,199	60,519
Increase (decrease) in income taxes payable - factor based tax	(10,146)	11,912
Increase (decrease) in accrued consumption taxes	(20,006)	-
Other assets change in amount (- indicates an increase)	(27,185)	(37,496)
Change in Other liabilities (- indicates a decrease)	3,651	4,151
Other	(22,715)	(17,297)
Subtotal	(1,965,725)	(2,192,939)
Interest received	515	894
Interest paid	(11,167)	(6,427)
Income taxes paid	(3,240)	(1,008)
Subsidies received	1,603,384	1,574,122
Subsidies received	12,900	1,000
Cash flows from operating activities	(363,332)	(624,357)
Cash flows from investing activities		
Purchase of property and equipment	(47,838)	(98,776)
Proceeds from sales of property and equipment	6,850	10,800
Purchase of intangible assets	(850)	(1,107)
Purchase of investment securities	-	(29,999)
Payments of leasehold and guarantee deposits	(19,515)	(24,175)
Proceeds from refund of leasehold and guarantee deposits	-	70
Cash flows from investing activities	(61,354)	(143,188)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	200,000	(200,000)
Repayment of long-term borrowings	(77,520)	(80,840)
Proceeds from issuance of shares	-	1,104,132
Payments for issuance of shares	(4,055)	-
Proceeds from exercise of employee share options	3,893	21,720
Cash flows from financing activities	122,317	845,012
Effect of exchange rate change on cash and cash equivalents	(6,888)	2,775

Increase (decrease) in cash and cash equivalents	(309,257)	80,242
Cash and cash equivalents at the beginning of the period	1,061,245	751,988
Cash and cash equivalents at end of the period	751,988	832,230

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Segment information, etc.)

[Segment Information]

As the Company's Group comprises a single segment, the infrastructure maintenance business, this information is omitted.

In addition, from the Current consolidated fiscal year, the name of the reporting segment "Infrastructure DX Business" has been changed to "Infrastructure Maintenance Business" in order to more appropriately express the business activities of our Group. The change in the name of this segment has no impact on segment information.

(Per-share information)

	Previous consolidated fiscal year (From August 1, 2024 to July 31, 2025)	Current consolidated fiscal year (From August 1, 2025 Through July 31, 2026)
Net assets per share amount	48.28 yen	62.76 yen
Basic earnings per share or net loss per share (-)	2.44 yen	42.27 yen
Diluted earnings per share	2.27 yen	- Yen

(Note) 1. Diluted earnings per share for the Current consolidated fiscal year is not presented because, although potential shares exist, it is a net loss per share.

2. The basis for calculating the amount of Net assets per share is as follows.

	Previous consolidated fiscal year (July 31, 2025)	Current consolidated fiscal year (July 31, 2026)
Total net assets (thousand yen)	932,603	1,291,647
Amount deducted from the total amount of Net assets (thousand yen)	20,295	44,786
(Of which Share acquisition rights (thousand yen))	(20,295)	(44,786)
Net assets amount at period-end relating to common shares (thousand yen)	912,308	1,246,861
Number of common shares at the end of the period used to calculate Net assets per share (shares)	18,896,600	19,868,700

3. The basis for calculating Basic earnings per share or net loss per share for the period and Diluted earnings per share is as follows.

	Previous consolidated fiscal year (From August 1, 2024 Through July 31, 2025)	Current consolidated fiscal year (From August 1, 2025 To July 31, 2026)
Basic earnings per share or net loss per share (-)		
Profit attributable to owners of parent or net loss attributable to owners of parent (-) (thousand yen)	46,081	(811,564)
Amounts not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent or net loss attributable to owners of parent (-) pertaining to common shares (thousand yen)	46,081	(811,564)
Average number of shares (shares)	18,860,806	19,199,217
Diluted earnings per share		
Profit attributable to owners of parent adjustments (thousand yen)	-	-

	Previous consolidated fiscal year (From August 1, 2024 Through July 31, 2025)	Current consolidated fiscal year (From August 1, 2025 To July 31, 2026)
Increase in common shares (shares)	1,402,696	-
(of which Share acquisition rights (shares))	(1,402,696)	(-)
Overview of potential shares excluded from the calculation of Diluted earnings per share because they had no dilutive effect	-	-

(Significant subsequent events)

(Issuance of share acquisition rights)

1. Waiver of the 5th Issuance of share acquisition rights and the 4th Share acquisition rights

At a meeting of the Board of Directors held on August 3, 2026, the Company resolved to issue Share acquisition rights to employees of the Company and its subsidiaries pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act, and the allocation was completed on August 20, 2026. The details are as follows. These Share acquisition rights are allocated to the persons eligible for allocation of the 4th Share acquisition rights, for which the issuance was resolved on September 12, 2025, on the condition that each such person waives all of the 4th Share acquisition rights held by them. Accordingly, all of the 4th Share acquisition rights held by each holder have been extinguished, and the holders have switched to the 5th Share acquisition rights.

Issuance of share acquisition rights Terms

5th Share acquisition rights

(i) Date of allotment of Share acquisition rights

August 20, 2026

(ii) Share acquisition rights: eligible recipients and number allocated

141 employees of the Company and its subsidiaries (209,900 units)

(iii) Number of Share acquisition rights

209,900 units (1 common share per Share acquisition right)

(iv) Issuance of share acquisition rights amount

No monetary payment is required in exchange for the Share acquisition rights.

(v) Type and number of shares underlying Share acquisition rights

Our common stock 209,900 shares

(vi) Value of property contributed upon exercise of share acquisition rights

The amount of property to be contributed upon Exercise of share acquisition rights shall be the amount obtained by multiplying the amount per share to be issued upon Exercise of share acquisition rights (hereinafter referred to as the "Exercise Price") by the number of shares underlying each unit of Share acquisition rights. The Exercise Price shall be the closing price on the date of the resolution of the Board of Directors concerning the determination of the offering terms of these Share acquisition rights (or, if there is no closing price on that date, the closing price on the most recent trading day preceding that date). In addition, if the Company conducts a stock split or share consolidation after the issuance of Share acquisition rights, the Exercise Price shall be adjusted.

(vii) Matters concerning increases in Share capital and Legal capital surplus when shares are issued through Exercise of share acquisition rights

In the event of issuing shares through this Exercise of share acquisition rights, the amount of the increase in Share capital shall be the amount obtained by multiplying the Share capital等増加限度額 calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting by 0.5, and if the calculation results in a fraction of less than 1 yen, such fraction shall be rounded up. The amount of the increase in Legal capital surplus shall be the amount obtained by deducting the amount of the increase in Share capital from the Share capital等増加限度額.

(viii) Exercise of share acquisition rights period

From August 4, 2028 to August 3, 2036

2. 6th Issuance of share acquisition rights

At a meeting of the Board of Directors held on August 3, 2026, the Company resolved to issue Share acquisition rights to employees of the Company and its subsidiaries pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act, and the allocation was completed on August 20, 2026. The details are as follows.

Issuance of share acquisition rights Details

6th Share acquisition rights

(i) Share acquisition rights allocation date

August 20, 2026

(ii) Allottees and number of share acquisition rights allotted

18 employees of the Company and its subsidiaries (83,500 units)

(iii) Share acquisition rights number

83,500 units (1 common share per Share acquisition rights1 unit)

(iv) Issuance of share acquisition rights price

No payment of money is required in exchange for these Share acquisition rights.

(v) Type and number of shares underlying share acquisition rights

83,500 shares of our common stock

(vi) Exercise of share acquisition rights Value of property contributed upon

The amount of property contributed upon Exercise of share acquisition rights shall be the amount obtained by multiplying the amount per share issued upon Exercise of share acquisition rights (hereinafter referred to as the "Exercise Price") by the number of shares underlying each Share acquisition rights. The Exercise Price shall be the closing price on the date of the resolution of the Board of Directors regarding the determination of the offering terms of the Share acquisition rights (or, if there is no closing price on that date, the closing price on the most recent trading day preceding that date). In addition, if the Company conducts a share split or share consolidation after the issuance of Share acquisition rights, the Exercise Price shall be adjusted.

(vii) Matters concerning Share capital and Legal capital surplus to be increased when shares are issued through the exercise of share acquisition rights

The amount of the increase in Share capital upon the issuance of shares through this Exercise of share acquisition rights shall be the amount obtained by multiplying the maximum limit of increase in Share capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting by 0.5, and if the calculation results in a fraction of less than 1 yen, such fraction shall be rounded up. The amount of the increase in Legal capital surplus shall be the amount obtained by deducting the amount of the increase in Share capital from the maximum limit of increase in Share capital, etc.

(viii) Exercise of share acquisition rights period

From August 4, 2028 to August 3, 2036

(Establishment of a subsidiary)

At the Board of Directors meeting held on August 3, 2026, the Company resolved to establish a domestic subsidiary wholly owned by the Company, and the incorporation procedures were completed on August 21, 2026.

1.Purpose of establishing a subsidiary

We will promote the enhancement of the competitiveness and social implementation of domestically produced unmanned aircraft by developing and providing domestically produced dual-use unmanned aircraft and related solutions that can be utilized in areas such as industrial infrastructure, disaster prevention and disaster response, critical infrastructure protection, and national security.

2.Overview of the subsidiary to be established

(i) Name: HINOTATE Co., Ltd. (HINOTATE)

(ii) Location: Chiyoda-ku, Tokyo

(iii) Name of representative: Representative Director Kohei Hayashi (Director of the Company)

(iv) Main business activities:

・Research, development, design, manufacturing, sales, operational support and maintenance of domestically produced dual-use unmanned aircraft and related solutions

・Research, development and provision of unmanned systems and related software and systems utilizing physical AI and other artificial intelligence technologies

・Establishment of a domestic supply chain including components for unmanned systems, as well as collaboration with related companies and relevant organizations

・Development and operation of unmanned systems and provision of various services in disaster prevention and disaster response, critical infrastructure protection, national security, and other highly public-interest fields

(v) Investments in capital:0.1 billion yen

(vi) Date of establishment: August 21, 2026

(vii) Major shareholder and shareholding ratio: Liberaware Co.,Ltd. 100%