CLPS Incorporation Reports Financial Results for the Second Half and Full Year of Fiscal 2026

HONG KONG, Oct. 16, 2026 /PRNewswire/ -- CLPS Incorporation (the "Company" or "CLPS") (Nasdaq: CLPS), today announced its financial results for the six months and full year of fiscal 2026 ended June 30, 2026.

Fiscal 2026 demonstrated the resilience of CLPS's business model and the success of its strategic transformation. Despite revenue pressure from the ongoing downsizing of a key client's China Solution Centers (CSCs), total revenue continued its upward trajectory, reaching 4.7% year-over-year growth to $172.2 million for the full fiscal year and 6.6% year-over-year to $87.1 million in the second half. This top-line momentum was anchored by continuous organic growth in core IT consulting, accelerated global expansion outside mainland China, and triple-digit revenue gains in customized IT solutions.

To capture high-value market demand, CLPS strategically accelerated investment in emerging technologies, centering artificial intelligence (AI), robotic process automation (RPA), and Web3. Revenue from customized IT solution services surged 113.9% year-over-year to $5.9 million for the full fiscal year, solidifying its position as the Company’s second revenue growth engine. Landmark initiatives commercialized during the period included AI-powered legacy core banking system modernization, automated testing, Nibot RPA, and CAKU digital banking solutions.

Profitability for the fiscal year reflected deliberate, front-loaded investments in technology commercialization. While these initiatives pressured near term costs, they secure high-barrier technical capabilities and benchmark references that unlock a second growth curve for the Company's revenue and strengthen our long-term competitive position. Moving into fiscal 2027, the Company will implement disciplined cost control for its customized IT solutions business while scaling its international footprint and digital solution business.

Unaudited Second Half of Fiscal 2026 Highlights (all results compared to the six months ended June 30, 2025)

- Revenue increased by 6.6% to $87.1 million from $81.7 million.
- Revenue from customized IT solution services increased by 103.1% to $3.7 million from $1.8 million.
- Revenue generated outside of mainland China increased by 27.6% to $30.0 million from $23.5 million. In particular:
  - Revenue generated from Hong Kong SAR increased by 39.0% to $11.1 million from $8.0 million.
  - Revenue generated from Japan increased by 146.6% to $2.8 million from $1.1 million.
  - Revenue generated from Singapore increased by 7.0% to $13.2 million from $12.4 million.
  - Revenue generated from the U.S. increased by 21.3% to $2.2 million from $1.8 million.

- Accounts receivable turnover period improved to 90 days, down from 93 days.

Audited Fiscal Year 2026 Highlights (all results compared to the twelve months ended June 30, 2025)

- Revenue increased by 4.7% to $172.2 million from $164.5 million.
- Revenue from customized IT solution services increased by 113.9% to $5.9 million from $2.8 million.
- Revenue generated outside of mainland China increased by 47.5% to $62.7 million from $42.5 million. In particular:
  - Revenue generated from Hong Kong SAR increased by 61.0% to $23.2 million from $14.4 million.
  - Revenue generated from Singapore increased by 18.6% to $26.0 million from $21.9 million.
  - Revenue generated from Japan increased by 122.7% to $4.5 million from $2.0 million.
  - Revenue generated from the U.S. increased by 63.7% to $6.4 million from $3.9 million.
- Total number of clients from IT services segment increased by 12.5% to 359 from 319.
- Total number of employees increased by 4.8% to 3,705 from 3,534.

Mr. Raymond Lin, Chief Executive Officer of CLPS, commented, “Fiscal 2026 was a pivotal year of structural transition and resilience for CLPS. Navigating the downsizing of a major client's CSCs, we generated steady organic top-line growth across our core IT consulting business, while making significant inroads in expanding our geographic and technological footprint. Since becoming a publicly traded company in 2018, we have expanded our topline from $48.9 million to $172.2 million—delivering a robust 17.0% compound annual growth rate over the past eight years. This long-term trajectory underscores our operational agility and our ability to cultivate enduring relationships with global financial institutions while winning new clients across diverse markets.

A core pillar of our strategy is reducing our reliance on the China market and driving overseas expansion. In fiscal 2026, revenue generated from the APAC region (excluding mainland China) increased 45.2% year-over-year to $56.0 million, accounting for a growing share of our total revenues. We deepened our market presence across key APAC financial hubs—including Hong Kong SAR, Singapore, Japan, Malaysia, Indonesia, and the Philippines—while expanding into the Middle East region via the UAE. This global reach diversifies our revenue base and opens broader market opportunities for our higher-value service offerings.

Furthermore, our commitment to business diversification continues to fortify our overall resilience. Beyond our foundational strength in fintech, our diverse business lines now actively span across payment and credit services, e-commerce, education and study abroad programs, and global tourism. By extending our digital transformation capabilities into these varied sectors, we are unlocking cross-industry synergies and cultivating multiple robust revenue streams.

At the same time, our commitment to R&D and emerging technologies is yielding significant commercial traction, accelerating the momentum of our customized IT solutions business. AI is at the forefront of this

transformation. Over the past year, we achieved notable operational milestones: partnering with The Bank of East Asia to conduct a proof-of-concept for Nibot within the HKMA's GenA.I. Sandbox, unveiling our Web3-ready issuance platform, and collaborating with an emerging Southeast Asian financial institution to implement CAKU-powered digital banking solutions through our subsidiary, QCC.

To optimize internal operations, we established the AI Rainstorm Factory, transforming the traditional software development life cycle into a streamlined, modular framework. This initiative drives the intelligent upgrade of our R&D processes and significantly improves delivery efficiency. Furthermore, we formed an AI Innovation Committee and launched Athena, our enterprise-level AI knowledge assetization project designed to safeguard the Company's core intellectual assets, centralize our institutional data and drive continuous productivity gains.

While aggressive investments in emerging technology benchmark projects weighed on our bottom line this year, these capital allocations are necessary and foundational. They transform CLPS from an established IT services provider into an intellectual-property-driven fintech partner. We enter fiscal 2027 focused on scaling our digital solutions, enforcing operational efficiency, and translating our top-line momentum into sustainable long-term profitability."

Ms. Rui Yang, Chief Financial Officer of CLPS, commented, "Despite the revenue headwinds caused by the restructuring of our historically largest client in fiscal year 2026, we delivered total revenue growth of 4.7% to $172.2 million. What stands out most is the continued traction of our business transformation: revenue from our customized IT solution services increased by 113.9% to $5.9 million. Equally encouraging, our overseas revenue grew by 47.5% to $62.7 million, reflecting the steady payoff of our global expansion strategy and our ability to capture demand in new markets.

Our investments in emerging technology-enabled projects have driven up costs in the short run. In addition, we recognized a goodwill impairment, along with a one-time bad debt provision on loans to related parties — both of which further weighed on our profitability this period. These charges reflect non-structural items rather than ongoing operational pressures, and we view them as short-term in nature. Looking ahead, we do not expect them to have a material impact on our financial results in the coming fiscal year.

Underscoring confidence in our underlying intrinsic value and long-term trajectory, we announced a share repurchase program of up to 1,000,000 shares in February 2026. This action reflects both our conviction in the path ahead and our ongoing commitment to returning value to shareholders."

Unaudited Second Half of Fiscal Year 2026 Financial Results

Revenues

In the second half of fiscal 2026, revenues increased by $5.4 million, or 6.6%, to $87.1 million from $81.7 million in the prior year period. The increase in revenue was mainly due to the increased demand in customized IT solution services.

Revenues by Service

- Revenue from IT consulting services increased by $3.5 million, or 4.5%, to $82.2 million in the second

half of fiscal 2026, from $78.7 million in the prior year period. Revenue from IT consulting services accounted for 94.4% of total revenue, compared to 96.3% in the prior year period. The increase was primarily driven by higher demand from overseas clients.

- Revenue from customized IT solution services increased by $1.9 million, or 103.1%, to $3.7 million in the second half of fiscal 2026, from $1.8 million in the prior year period. Revenue from customized IT solution services accounted for 4.3% of total revenue, compared to 2.2% in the prior year period. The increase was primarily driven by our continued investment in cutting-edge technologies, which enabled projects involving AI, RPA, and CAKU, among others to begin generating revenue.

- Revenue from academic education services decreased by $0.2 million, or 18.3%, to $0.8 million in the second half of fiscal 2026, from $1.0 million in the prior year period. Revenue from academic education services accounted for 0.9% of total revenue, compared to 1.2% in the prior year period. The decrease was primarily due to the expiration and renewal of licenses for our core courses, which temporarily prevented us from enrolling students in the affected courses during certain months.

- Revenue from other services increased by $0.2 million, or 86.1%, to $0.4 million in the second half of fiscal 2026, from $0.2 million in the prior year period. Revenue from other services accounted for 0.5% of total revenue, compared to 0.3% in the prior year period. The increase was primarily due to the higher demand for other services, including human resource management services.

Revenues by Operational Areas

- Revenue from banking area increased by $2.8 million, or 9.3%, to $33.4 million in the second half of fiscal 2026, from $30.6 million in the prior year period. Revenue from banking area accounted for 38.4% and 37.5% of total revenues in the second half of fiscal 2026 and 2025, respectively.

- Revenue from wealth management area increased by $1.8 million, or 12.7%, to $15.7 million in the second half of fiscal 2026, from $13.9 million in the prior year period. Revenue from wealth management area accounted for 18.0% and 17.0% of total revenues in the second half of fiscal 2026 and 2025, respectively.

- Revenue from e-Commerce area decreased by $1.6 million, or 10.7%, to $13.3 million in the second half of fiscal 2026, from $14.9 million in the prior year period. Revenue from e-Commerce area accounted for 15.3% and 18.2% of total revenues in the second half of fiscal 2026 and 2025, respectively.

- Revenue from automotive area decreased by $6.0 million, or 52.3%, to $5.6 million in the second half of fiscal 2026, from $11.6 million in the prior year period. Revenue from automotive area accounted for 6.4% and 14.3% of total revenues in the second half of fiscal 2026 and 2025, respectively.

Revenues by Geography

- Revenue generated outside of mainland China increased by 27.6% to $30.0 million in the second half of fiscal year 2026, from $23.5 million in the prior year period. The increase was primarily due to strong performance in our operations in Hong Kong SAR, Singapore and Japan, reflecting the successful execution of the Company's global expansion strategy.

Gross Profit

Gross profit decreased by $6.1 million, or 35.1%, to $11.1 million in the second half of fiscal 2026, from $17.2 million in the prior year period. The decrease was primarily attributable to higher project delivery costs associated with customized IT solutions leveraging emerging technologies, such as AI and RPA, which were developed as benchmark initiatives for the Company.

Operating Expenses

Selling and marketing expenses decreased by $0.6 million, or 24.7%, to $2.1 million in the second half of fiscal 2026, from $2.7 million in the prior year period. As a percentage of total revenues, selling and marketing expenses decreased to 2.4% in the second half of fiscal 2026, compared to 3.3% in the prior year period. The decrease was primarily driven by streamlined client account management and adjustments to sales performance-based compensation in response to intensified market competition and evolving business conditions.

Research and development expenses increased by $2.2 million, or 83.8%, to $4.7 million in the second half of fiscal 2026, from $2.5 million in the prior year period. As a percentage of total revenues, research and development expenses increased to 5.3% in the second half of fiscal 2026, compared to 3.1% in the prior year period. The increase was primarily driven by higher R&D investment in emerging technologies, including AI, positioning the Company to capture anticipated growth in demand for customized IT solutions.

General and administrative expenses decreased by $2.0 million, or 11.7%, to $15.7 million in the second half of fiscal 2026, from $17.7 million in the prior year period. As a percentage of total revenues, general and administrative expenses decreased to 18.0% in the second half of fiscal 2026, compared to 21.7% in the prior year period. The decrease was primarily driven by prudent expense management and adjustments to management performance-based compensation in response to intensified market competition and shifting external conditions.

Operating Loss

Operating loss was $12.1 million in the second half of fiscal 2026, compared to operating loss of $5.5 million in the same period of the previous year. Operating margin was -13.9% compared to -6.8% in the prior year period.

Other Income and Expenses

Total other expenses, net of other income was $0.6 million in the second half of fiscal 2026, compared to $87.5 thousand total other income, net of other expenses in the same period of previous year.

Provision for Income Taxes

Provision for income taxes was $46.9 thousand in the second half of fiscal 2026, compared to a provision for income taxes of $0.7 million in the same period of the previous year.

Net Loss and Losses Per Share

Net loss was $13.2 million in the second half of fiscal 2026 compared to a net loss of $6.6 million in the prior year period.

Non-GAAP net loss[1] was $11.6 million in the second half of fiscal 2026, compared to a Non-GAAP net loss of $6.1 million in the prior year period.

Net loss attributable to CLPS Incorporation's shareholders was $13.3 million, or $0.44 basic and diluted losses per share in the second half of fiscal 2026, compared to a net loss attributable to CLPS Incorporation's shareholders of $6.7 million, or $0.24 basic and diluted losses per share in the second half of fiscal 2025.

Non-GAAP net loss attributable to CLPS Incorporation's shareholders[2] was $11.6 million, or $0.39 basic and diluted losses per share in the second half of fiscal 2026, compared to non-GAAP net loss attributable to CLPS Incorporation's shareholders of $6.2 million, or $0.22 basic and diluted losses per share in the second half of fiscal 2025.

Audited Fiscal Year 2026 Financial Results

Revenues

Revenues increased by $7.7 million, or 4.7%, to $172.2 million in the fiscal year 2026, from $164.5 million in the prior year period. The increase in revenue was mainly due to the increased demand in IT consulting services and customized IT solution services.

Revenues by Service

- Revenue from IT consulting services increased by $5.3 million, or 3.3%, to $164.1 million in the fiscal year 2026, from $158.8 million in the prior year period. Revenue from IT consulting services accounted for 95.3% of total revenue, compared to 96.5% in the prior year period. The increase was primarily driven by higher demand from overseas clients.
- Revenue from customized IT solution services increased by $3.1 million, or 113.9%, to $5.9 million in the fiscal year 2026, from $2.8 million in the prior year period. Revenue from customized IT solution services accounted for 3.5% of total revenue, compared to 1.7% in the prior year period. The increase was primarily driven by our continued investment in cutting-edge technologies, which enabled projects involving AI, RPA, and CAKU, among others to begin generating revenue during the fiscal year.
- Revenue from academic education services decreased by $0.3 million, or 18.6%, to $1.7 million in the fiscal year 2026, from $2.0 million in the prior year period. Revenue from academic education services accounted for 1.0% of total revenue, compared to 1.2% in the prior year period. The decrease was primarily due to the expiration and renewal of licenses for our core courses, which temporarily prevented us from enrolling students in the affected courses during certain months.
- Revenue from other services decreased by $0.4 million, or 40.6%, to $0.5 million in the fiscal year 2026, from $0.9 million in the prior year period. Revenue from other services accounted for 0.3% of total revenue, compared to 0.5% in the prior year period. The decrease was primarily due to lower demand for other services, including software sales.

Revenues by Operational Areas

- Revenue from banking area decreased by $4.6 million, or 7.1%, to $59.5 million in the fiscal year 2026, from $64.1 million in the prior year period. Revenue from banking area accounted for 34.6% and 39.0% of total revenues in the fiscal year 2026 and 2025, respectively.
- Revenue from wealth management area increased by $1.0 million, or 3.4%, to $30.3 million in the

fiscal year 2026, from $29.3 million in the prior year period. Revenue from wealth management area accounted for 17.6% and 17.8% of total revenues in the fiscal year 2026 and 2025, respectively.

- Revenue from e-Commerce area decreased by $1.3 million, or 4.4%, to $28.5 million in the fiscal year 2026, from $29.8 million in the prior year period. Revenue from e-Commerce area accounted for 16.6% and 18.1% of total revenues in the fiscal year 2026 and 2025, respectively.
- Revenue from automotive area decreased by $4.1 million, or 19.8%, to $16.7 million in the fiscal year 2026, from $20.8 million in the prior year period. Revenue from automotive area accounted for 9.7% and 12.7% of total revenues in the fiscal year 2026 and 2025, respectively.

Revenues by Geography

- Revenue generated outside of mainland China increased by $20.2 million, or 47.5%, to $62.7 million in the fiscal year 2026, from $42.5 million in the prior year period. The increase was primarily driven by strong performance across our operations in the APAC region (excluding mainland China), which grew 45.2% year-over-year, reflecting the successful execution of the Company's global expansion strategy.

Gross Profit

Gross profit decreased by $5.6 million, or 15.5%, to $30.7 million in the fiscal year 2026, from $36.3 million in the prior year period. The decrease was primarily attributable to higher project delivery costs associated with customized IT solutions leveraging emerging technologies, such as AI and RPA, which were developed as benchmark initiatives for the Company.

Operating Expenses

Selling and marketing expenses decreased by $1.0 million, or 19.4%, to $4.2 million in the fiscal year 2026, from $5.2 million in the prior year period. As a percentage of total revenues, selling and marketing expenses decreased to 2.4% in the fiscal year 2026, compared to 3.1% in the prior year period. The decrease was primarily driven by streamlined client account management and adjustments to sales performance-based compensation in response to intensified market competition and evolving business conditions.

Research and development expenses increased by $0.9 million, or 14.7%, to $6.7 million in the fiscal year 2026, from $5.8 million in the prior year period. As a percentage of total revenues, research and development expenses increased to 3.9% in the fiscal year 2026, compared to 3.5% in the prior year period. The increase was primarily driven by higher R&D investment in emerging technologies, positioning the Company to capture anticipated growth in demand for customized IT solutions.

General and administrative expenses decreased by $1.3 million, or 3.9%, to $30.6 million in the fiscal year 2026, from $31.9 million in the prior year period. As a percentage of total revenues, general and administrative expenses decreased to 17.8% in the fiscal year 2026, compared to 19.4% in the prior year period. The decrease was primarily driven by prudent expense management and adjustments to management performance-based compensation in response to intensified market competition and shifting external conditions.

Operating Loss

Operating loss was $11.5 million, compared to an operating loss of $5.4 million in the same period of the previous year. Operating margin was -6.7% in the fiscal year 2026, compared to -3.3% in the prior year period.

Other Income and Expenses

Total other expenses, net of other income was $0.7 million in the fiscal year 2026, compared to $0.3 million total other income, net of other expenses in the prior year period.

Provision for Income Taxes

Provision for income taxes was $0.2 million in the fiscal year 2026, compared to a provision for income taxes of $0.9 million in the same period of the previous year.

Net Loss and Losses Per Share

Net loss was $12.9 million in the fiscal year 2026, compared to a net loss of $6.4 million in the prior year period.

Non-GAAP net loss[1] was $9.5 million in the fiscal year 2026, compared to a non-GAAP net loss of $3.8 million in the prior year period.

Net loss attributable to CLPS Incorporation's shareholders was $13.2 million, or $0.45 basic and diluted losses per share in the fiscal year 2026, compared to net loss attributable to CLPS Incorporation's shareholders of $7.0 million, or $0.26 basic and diluted losses per share in the fiscal year 2025.

Non-GAAP net loss attributable to CLPS Incorporation's shareholders[2] was $9.8 million, or $0.33 basic and diluted losses per share in the fiscal year 2026, compared to non-GAAP net loss attributable to CLPS Incorporation's shareholders of $4.5 million, or $0.16 basic and diluted losses per share in the fiscal year 2025.

Cash Flow

As of June 30, 2026, the Company had cash and cash equivalents and restricted cash of $25.5 million, along with short term investments of $0.9 million.

Net cash used in operating activities was $0.4 million for the twelve months ended June 30, 2026. Net cash used in investing activities was $1.2 million. Net cash used in financing activities was approximately $1.8 million. The effect of exchange rate change on cash was approximately positive $0.6 million. The Company believes that its current cash position and cash flow from operations are sufficient to meet its anticipated cash needs for at least the next 12 months.

Financial Outlook

Undeterred by the short-term challenges, we remain confident about our long-term business growth. For fiscal year 2027, the Company expects, considering our financial numbers could be affected by the floating exchange rate, and absent material acquisitions or non-recurring transactions, total sales growth in the range of approximately 5% to 10% compared to fiscal year 2026 financial results, and non-GAAP net income in the range of approximately $3.0 million to $4.0 million.

This forecast reflects the Company's current and preliminary views, which are subject to change and to risks and uncertainties, including, but not limited to, those facing the Company's business and operations as identified in its annual report on Form 20-F made with the Securities and Exchange Commission.

Exchange Rate

The balance sheet amounts with the exception of equity as of June 30, 2026, were translated at 6.7851 RMB to 1.00 USD compared to 7.1636 RMB to 1.00 USD as of June 30, 2025. The equity accounts were stated at their historical rate. The average translation rates applied to the income statements accounts for the periods ended June 30, 2026 and 2025 were 6.9940 RMB to 1.00 USD and 7.2143 RMB to 1.00 USD, respectively. The change in the value of the RMB relative to the U.S. dollar may affect our financial results reported in the U.S. dollar terms without giving effect to any underlying change in our business or results of operation.

About CLPS Incorporation

CLPS Incorporation (NASDAQ: CLPS), established in 2005 and headquartered in Hong Kong, is at the forefront of driving digital transformation and optimizing operational efficiency across industries through innovations in artificial intelligence, cloud computing, and big data. Our diverse business lines span sectors including fintech, payment and credit services, e-commerce, education and study abroad programs, and global tourism integrated with transportation services. Operating across 10 countries worldwide, with strategic regional hubs in Shanghai (mainland China), Singapore (Southeast Asia), and California (North America), and supported by subsidiaries in Japan and the UAE, we provide a robust global service network that empowers legacy industries evolve into data-driven, intelligent ecosystems. For further information regarding the Company, please visit: **https://ir.clpsglobal.com/**, or follow CLPS on **Facebook**, **Instagram**, **LinkedIn**, **X**, and **YouTube**.

Forward-Looking Statements

Certain of the statements made in this press release are "forward-looking statements" within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to the Company's beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond the Company's control, and which may cause the actual results, performance, capital, ownership or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All such statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties related to the Company's financial and operational performance in the second half and full year of fiscal 2026, its expectations of the Company's future performance, its preliminary outlook and guidance offered in this presentation, as well as the risks and uncertainties described in the Company's most recently filed SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including

through the SEC's Internet website at http://www.sec.gov. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made.

Use of Non-GAAP Financial Measures

The consolidated financial information is prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), except that the consolidated statement of changes in shareholders' equity, consolidated statements of cash flows, and the detailed notes have not been presented. The Company uses non-GAAP operating income (loss), non-GAAP general and administrative expenses, non-GAAP operating margin, non-GAAP net income (loss) attributable to CLPS Incorporation's shareholders, and basic and diluted non-GAAP earnings (losses) per share, which are non-GAAP financial measures. Non-GAAP operating income (loss) is operating income (loss) excluding share-based compensation expenses and impairment of goodwill. Non-GAAP general and administrative expenses is a non-GAAP financial measure, which is defined as general and administrative expenses excluding share-based compensation expenses. Non-GAAP operating margin is non-GAAP operating income as a percentage of revenues. Non-GAAP net income (loss) attributable to CLPS Incorporation's shareholders is net income (loss) attributable to CLPS Incorporation's shareholders excluding share-based compensation expenses and impairment of goodwill. Basic and diluted non-GAAP earnings (losses) per share is non-GAAP net income (loss) attributable to common shareholders divided by weighted average number of shares used in the calculation of basic and diluted net income per share. The Company believes that separate analysis and exclusion of the non-cash impact of share-based compensation expenses adds clarity to the constituent parts of its performance. The Company reviews these non-GAAP financial measures together with GAAP financial measures to obtain a better understanding of its operating performance. It uses the non-GAAP financial measure for planning, forecasting and measuring results against the forecast. The Company believes that non-GAAP financial measure is useful supplemental information for investors and analysts to assess its operating performance without the effect of non-cash share-based compensation expenses, which have been and will continue to be significant recurring expenses in its business. However, the use of non-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that they do not include all items that impact the Company's net income for the period. In addition, because non-GAAP financial measures are not measured in the same manner by all companies, they may not be comparable to other similar titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measure in isolation from or as an alternative to the financial measure prepared in accordance with U.S. GAAP.

The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, or as a substitute for, the financial information prepared and presented in accordance with U.S. GAAP. The Company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. For more information on these non-GAAP financial measures, please see the table captioned "Reconciliations of Non-GAAP and GAAP Results" near the end of this release.

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[1] Non-GAAP net loss is a non-GAAP financial measure, which is defined as net loss excluding share-based compensation expenses and impairment of goodwill. Please refer to the section titled "Reconciliation of Non-GAAP and GAAP Results" for details.

[2] Non-GAAP net loss attributable to CLPS Incorporation's shareholders is a non-GAAP financial measure, which is defined as net loss attributable to CLPS Incorporation's shareholders excluding share-based compensation expenses and impairment of goodwill. Please refer to the section titled "Reconciliation of Non-GAAP and GAAP Results" for details.

CLPS INCORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in U.S. dollars ("$"), except for number of shares)

	As of	
	June 30, 2026 (Audited)	**December 31, 2025 (Unaudited)**
ASSETS		
Current assets:		
Cash and cash equivalents	25,059,596	28,422,095
Restricted cash	399,721	-
Short-term investments	918,525	916,852
Accounts receivable, net	42,460,092	42,819,285
Prepayments, deposits and other assets, net	7,731,245	8,866,524
Amounts due from related parties	1,085,005	4,642,400
Total Current Assets	**$ 77,654,184**	**$ 85,667,156**
Non-current assets:		
Property and equipment, net	19,950,121	20,543,354
Intangible assets, net	1,811,370	1,981,780
Operating lease right-of-use assets	2,312,396	2,505,610
Goodwill	-	1,420,150
Long-term investments	2,178,538	1,687,752
Prepayments, deposits and other assets, net	723,177	332,357
Amounts due from related parties	1,589,657	2,263,799
Deferred tax assets, net	59,691	5,964
Total Assets	**$ 106,279,134**	**$ 116,407,922**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank loans	$ 30,289,459	$ 26,166,467
Accounts payable	1,543,603	2,490,272
Accrued expenses and other current liabilities	527,704	456,200
Tax payables	2,961,192	2,270,979
Contract liabilities	2,705,511	4,909,035
Salaries and benefits payable	13,438,704	12,123,893
Operating lease liabilities	1,633,586	2,126,684
Amount due to related parties	75,394	61,208
Total Current Liabilities	**$ 53,175,153**	**$ 50,604,738**
Non-current liabilities:		

Operating lease liabilities	751,363	554,299
Deferred tax liabilities	204,600	145,500
Unrecognized tax benefit	4,012,722	4,004,545
Other non-current liabilities	946,771	918,611
TOTAL LIABILITIES	**$ 59,090,609**	**$ 56,227,693**
Shareholders' Equity		
Common shares, $0.0001 par value, 100,000,000 shares authorized; 29,854,852 shares issued and outstanding as of June 30, 2026; 29,841,828 shares issued and outstanding as of December 31, 2025	2,986	2,984
Additional paid-in capital	62,148,120	61,930,342
Treasury shares	(132,303)	-
Statutory reserves	6,014,347	6,059,696
Accumulated deficit	(20,744,064)	(7,525,036)
Accumulated other comprehensive loss	(2,493,879)	(2,612,878)
Total CLPS Incorporation's Shareholders' Equity	**44,795,207**	**57,855,108**
Noncontrolling Interests	**2,393,318**	**2,325,121**
Total Shareholders' Equity	**47,188,525**	**60,180,229**
Total Liabilities and Shareholders' Equity	**$ 106,279,134**	**$ 116,407,922**

CLPS INCORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE LOSS

(Amounts in U.S. dollars ("$"), except for number of shares)

	For the six months ended June 30,	
	2026	**2025**
Revenue	$ 87,126,310	$ 81,703,894
Cost of revenue (note 1)	(75,996,939)	(64,553,449)
Gross profit	**11,129,371**	**17,150,445**
Operating income (expenses):		
Selling and marketing expenses (note 1)	(2,053,861)	(2,727,725)
Research and development expenses	(4,656,391)	(2,533,678)
General and administrative expenses (note 1)	(15,655,175)	(17,737,124)
Impairment of goodwill	(1,435,782)	(129,270)
Subsidies and other operating income	572,436	440,978
Total operating expenses	(23,228,773)	(22,686,819)
Loss from operations	**(12,099,402)**	**(5,536,374)**
Other income	498,774	652,412
Other expenses	(1,078,384)	(564,956)
Loss before income tax and share of loss in equity investees	(12,679,012)	(5,448,918)
Provision for income taxes	46,899	679,739
Loss before share of loss in equity investees	(12,725,911)	(6,128,657)
Share of loss in equity investees, net of tax	(522,794)	(480,926)
Net loss	**(13,248,705)**	**(6,609,583)**
Less: Net income attributable to noncontrolling interests	15,672	50,238
Net loss attributable to CLPS Incorporation's shareholders	**$ (13,264,377)**	**$ (6,659,821)**
Other comprehensive income		
Foreign currency translation income	$ 171,524	$ 1,171,934
Less: Foreign currency translation income attributable to noncontrolling interests	52,525	28,775
Other comprehensive income attributable to CLPS Incorporation's shareholders	$ 118,999	$ 1,143,159
Comprehensive loss attributable to CLPS Incorporation's shareholders	**$ (13,145,378)**	**$ (5,516,662)**
Comprehensive income attributable to noncontrolling	68,197	79,013

interests		
Comprehensive loss	**$ (13,077,181)**	**$ (5,437,649)**
Basic losses per common share	$ (0.44)	$ (0.24)
Weighted average number of shares outstanding – basic	29,811,704	27,986,798
Diluted losses per common share	$ (0.44)	$ (0.24)
Weighted average number of shares outstanding – diluted	29,811,704	27,986,798

Note:

(1) Includes share-based compensation expenses as follows:		
Cost of revenues	182	2,197
Selling and marketing expenses	52,339	90,286
General and administrative expenses	165,258	269,214

CLPS INCORPORATION

RECONCILIATION OF NON-GAAP AND GAAP RESULTS- UNAUDITED

(Amounts in U.S. dollars ("$"), except for number of shares)

	For the six months ended June 30,	
	2026	**2025**
Cost of revenue	$ (75,996,939)	$ (64,553,449)
Less: share-based compensation expenses	(182)	(2,197)
Non-GAAP cost of revenue	$ (75,996,757)	$ (64,551,252)
Selling and marketing expenses	$ (2,053,861)	$ (2,727,725)
Less: share-based compensation expenses	(52,339)	(90,286)
Non-GAAP selling and marketing expenses	$ (2,001,522)	$ (2,637,439)
General and administrative expenses	$ (15,655,175)	$ (17,737,124)
Less: share-based compensation expenses	(165,258)	(269,214)
Non-GAAP general and administrative expenses	$ (15,489,917)	$ (17,467,910)
Loss from operations	$ (12,099,402)	$ (5,536,374)
Add: share-based compensation expenses and impairment of goodwill	1,653,561	490,967
Non-GAAP loss from operations	$ (10,445,841)	$ (5,045,407)
Operating margin	(13.9%)	(6.8%)
Add: share-based compensation expenses and impairment of goodwill	1.9%	0.6%
Non-GAAP operating margin	(12.0%)	(6.2%)
Net loss	$ (13,248,705)	$ (6,609,583)
Add: share-based compensation expenses and impairment of goodwill	1,653,561	490,967
Non-GAAP net loss	$ (11,595,144)	$ (6,118,616)

Net loss attributable to CLPS Incorporation's shareholders	$	(13,264,377)	$	(6,659,821)
Add: share-based compensation expenses and impairment of goodwill		1,653,561		490,967
Non-GAAP net loss attributable to CLPS Incorporation's shareholders	$	(11,610,816)	$	(6,168,854)
Weighted average number of shares outstanding used in computing GAAP and non-GAAP basic earnings		29,811,704		27,986,798
GAAP basic losses per common share	$	(0.44)	$	(0.24)
Add: share-based compensation expenses and impairment of goodwill		0.05		0.02
Non-GAAP basic losses per common share	$	(0.39)	$	(0.22)
Weighted average number of shares outstanding used in computing GAAP diluted losses and non-GAAP diluted losses		29,811,704		27,986,798
GAAP diluted losses per common share	$	(0.44)	$	(0.24)
Add: share-based compensation expenses and impairment of goodwill		0.05		0.02
Non-GAAP diluted losses per common share	$	(0.39)	$	(0.22)

CLPS INCORPORATION

AUDITED CONSOLIDATED BALANCE SHEETS

(Amounts in U.S. dollars ("$"), except for number of shares)

	As of June 30,	
	2026	**2025**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,059,596	$ 28,173,160
Restricted cash	399,721	-
Short-term investments	918,525	896,949
Accounts receivable, net	42,460,092	44,891,161
Prepayments, deposits and other assets, net	7,731,245	7,441,565
Amounts due from related parties	1,085,005	4,374,595
Total Current Assets	**77,654,184**	**85,777,430**
Non-current assets:		
Property and equipment, net	19,950,121	21,212,463
Intangible assets, net	1,811,370	2,055,102
Goodwill	-	1,435,782
Operating lease right-of-use assets	2,312,396	3,407,995
Long-term investments	2,178,538	1,718,995
Prepayments, deposits and other assets, net	723,177	481,761
Amounts due from related parties	1,589,657	1,945,960
Deferred tax assets, net	59,691	73,942
Total Assets	**$ 106,279,134**	**$ 118,109,430**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans	$ 30,289,459	$ 30,217,329
Accounts payable	1,543,603	2,515,207
Accrued expenses and other current liabilities	527,704	260,880
Tax payables	2,961,192	2,463,706
Contract liabilities	2,705,511	2,470,135
Salaries and benefits payable	13,438,704	14,062,007
Operating lease liabilities	1,633,586	2,348,195
Amounts due to related parties	75,394	21,884
Total Current Liabilities	**53,175,153**	**54,359,343**
Non-current liabilities		
Operating lease liabilities	751,363	1,301,369
Unrecognized tax benefits	4,012,722	3,715,163
Deferred tax liabilities	204,600	251,812

Other non-current liabilities	946,771	896,747
Total Liabilities	**59,090,609**	**60,524,434**
Shareholders' Equity		
Common shares, $0.0001 par value, 100,000,000 shares authorized; 29,854,852 shares issued and outstanding as of June 30, 2026; 27,988,452 shares issued and outstanding as of June 30, 2025	2,986	2,799
Additional paid-in capital	62,148,120	60,177,851
Treasury shares	(132,303)	-
Statutory reserves	6,014,347	5,853,445
Accumulated deficit	(20,744,064)	(7,401,803)
Accumulated other comprehensive loss	(2,493,879)	(3,095,507)
Total CLPS Incorporation's Shareholders' Equity	**44,795,207**	55,536,785
Noncontrolling Interests	**2,393,318**	2,048,211
Total Shareholders' Equity	**47,188,525**	57,584,996
Total Liabilities and Shareholders' Equity	$ **106,279,134**	$ 118,109,430

CLPS INCORPORATION

AUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE LOSS

(Amounts in U.S. dollars ("$"), except for number of shares)

	For the years ended June 30,	
	2026	**2025**
Revenue from third parties	$ 171,891,780	$ 164,229,721
Revenue from related party	319,551	251,693
Cost of revenue from third parties (note 1)	(141,279,868)	(127,987,226)
Cost of revenue from related party	(253,852)	(188,770)
Gross profit	**30,677,611**	**36,305,418**
Operating income (expenses):		
Selling and marketing expenses (note 1)	(4,173,712)	(5,180,682)
Research and development expenses	(6,668,643)	(5,815,555)
General and administrative expenses (note 1)	(30,595,509)	(31,852,179)
Impairment of goodwill	(1,435,782)	(129,270)
Subsidies and other operating income	733,657	1,294,964
Total operating expenses	(42,139,989)	(41,682,722)
Loss from operations	**(11,462,378)**	**(5,377,304)**
Other income	858,058	1,237,678
Other expenses	(1,550,879)	(935,988)
Loss before income tax and share of loss in equity investees	(12,155,199)	(5,075,614)
Provision for income taxes	216,939	947,529
Loss before share of loss in equity investees	(12,372,138)	(6,023,143)
Share of loss in equity investees, net of tax	(556,463)	(403,421)
Net loss	**(12,928,601)**	**(6,426,564)**
Less: Net income attributable to noncontrolling interests	252,758	623,170
Net loss attributable to CLPS Incorporation's shareholders	**$ (13,181,359)**	**$ (7,049,734)**
Other comprehensive income		
Foreign currency translation income	$ 693,977	$ 1,265,061
Less: Foreign currency translation income attributable to noncontrolling interests	92,349	14,666
Other comprehensive income attributable to CLPS Incorporation's shareholders	$ 601,628	$ 1,250,395

Comprehensive loss attributable to		
CLPS Incorporation's shareholders	**$ (12,579,731)**	**$ (5,799,339)**
Comprehensive income attributable to noncontrolling interests	345,107	637,836
Comprehensive loss	**$ (12,234,624)**	**$ (5,161,503)**
Basic losses per common share	$ (0.45)	$ (0.26)
Weighted average number of shares outstanding – basic	29,377,255	27,533,182
Diluted losses per common share	$ (0.45)	$ (0.26)
Weighted average number of shares outstanding – diluted	29,377,255	27,533,182
Note:		
(1) Includes share-based compensation expenses as follows:		
Cost of revenues	2,433	7,503
Selling and marketing expenses	66,589	179,938
General and administrative expenses	1,901,434	2,280,469

CLPS INCORPORATION
RECONCILIATION OF NON-GAAP AND GAAP RESULTS- UNAUDITED
(Amounts in U.S. dollars ("$"), except for number of shares)

	For the years ended June 30,	
	2026	**2025**
Cost of revenue	$ (141,533,720)	$ (128,175,996)
Less: share-based compensation expenses	(2,433)	(7,503)
Non-GAAP cost of revenue	$ (141,531,287)	$ (128,168,493)
Selling and marketing expenses	$ (4,173,712)	$ (5,180,682)
Less: share-based compensation expenses	(66,589)	(179,938)
Non-GAAP selling and marketing expenses	$ (4,107,123)	$ (5,000,744)
General and administrative expenses	$ (30,595,509)	$ (31,852,179)
Less: share-based compensation expenses	(1,901,434)	(2,280,469)
Non-GAAP general and administrative expenses	$ (28,694,075)	$ (29,571,710)
Operating loss	$ (11,462,378)	$ (5,377,304)
Add: share-based compensation expenses and impairment of goodwill	3,406,238	2,597,180
Non-GAAP operating loss	$ (8,056,140)	$ (2,780,124)
Operating margin	(6.7%)	(3.3%)
Add: share-based compensation expenses and impairment of goodwill	2.0%	1.6%
Non-GAAP operating margin	(4.7%)	(1.7%)
Net loss	$ (12,928,601)	$ (6,426,564)
Add: share-based compensation expenses and impairment of goodwill	3,406,238	2,597,180
Non-GAAP net loss	$ (9,522,363)	$ (3,829,384)
Net loss attributable to CLPS Incorporation's shareholders	$ (13,181,359)	$ (7,049,734)
Add: share-based compensation expenses and impairment of goodwill	3,406,238	2,597,180
Non-GAAP net loss attributable to CLPS Incorporation's shareholders	$ (9,775,121)	$ (4,452,554)

Weighted average number of shares outstanding used in computing GAAP and non-GAAP basic losses		29,377,255		27,533,182
GAAP basic losses per common share	$	(0.45)	$	(0.26)
Add: share-based compensation expenses and impairment of goodwill		0.12		0.10
Non-GAAP basic losses per common share	$	(0.33)	$	(0.16)
Weighted average number of shares outstanding used in computing GAAP diluted losses		29,377,255		27,533,182
Weighted average number of shares outstanding used in computing non-GAAP diluted losses		29,551,271		27,533,182
GAAP diluted losses per common share	$	(0.45)	$	(0.26)
Add: share-based compensation expenses and impairment of goodwill		0.12		0.10
Non-GAAP diluted losses per common share	$	(0.33)	$	(0.16)