

CLPS Incorporation Reports Financial Results for the Second Half and Full Year of Fiscal 2025

HONG KONG, Oct. 17, 2025 /PRNewswire/ -- CLPS Incorporation (the "Company" or "CLPS") (Nasdaq: CLPS), today announced its financial results for the six months and full year of fiscal 2025 ended June 30, 2025.

During this fiscal year, we faced a significant challenge when our long-standing and historically largest client announced a broad downsizing of its technology employee workforce within its China Solution Centers (CSCs) in Dalian and Shanghai, as part of its global restructuring strategy. As a result, this unprecedented strategic realignment required the dissolution of most of our dedicated IT staff serving the client. This action, while necessary, resulted in a significant increase in one-time employee severance expenses. Consequently, this non-recurring expense created unavoidable short-term pressure on our current period's net income. After excluding all of the layoff compensation, our adjusted net income for the fiscal year 2025 was \$78.0 thousand.

We are transforming this challenge into an opportunity to advance our strategic objectives. While sustaining organic growth, we are accelerating our strategic shift toward building a more resilient revenue framework. This involves pioneering new, high-value project work in artificial intelligence (AI) and Robotic Process Automation (RPA) while intensifying our efforts to expand our international market presence. We are confident that the positive impact of these transformative steps will materialize and become evident in our financial performance in subsequent reporting periods. CLPS will continue to focus on long-term value creation through diversification, technology innovation, and international growth.

Unaudited Second Half of Fiscal 2025 Highlights (all results compared to the six months ended June 30, 2024)

- Revenue increased by 15.0% to \$81.7 million from \$71.0 million.
- Revenue from IT consulting services increased by 16.9% to \$78.7 million from \$67.3 million.
- Revenue generated outside of mainland China increased by 77.1% to \$23.5 million from \$13.3 million. In particular:
 - Revenue generated from Singapore increased by 96.1% to \$12.4 million from \$6.3 million.
 - Revenue generated from Hong Kong SAR increased by 99.9% to \$8.0 million from \$4.0 million.
 - Revenue generated from Japan increased by 174.6% to \$1.1 million from \$0.4 million.

Audited Fiscal Year 2025 Highlights (all results compared to the twelve months ended June 30, 2024)

- Revenue increased by 15.2% to \$164.5 million from \$142.8 million.

- Revenue from IT consulting services increased by 16.0% to \$158.8 million from \$136.8 million.
- Revenue generated outside of mainland China increased by 90.5% to \$42.5 million from \$22.3 million. In particular:
 - Revenue generated from Singapore increased by 99.2% to \$21.9 million from \$11.0 million.
 - Revenue generated from Hong Kong SAR increased by 130.5% to \$14.4 million from \$6.2 million.
 - Revenue generated from Japan increased by 253.2% to \$2.0 million from \$0.6 million.
- Gross profit increased by 10.2% to \$36.3 million from \$32.9 million.
- Accounts receivable turnover period improved to 92 days, down from 111 days.
- Total number of clients from IT services segment increased by 6.3% to 319 from 300.
- Total number of employees increased by 6.3% to 3,534 from 3,325.

Mr. Raymond Lin, Chief Executive Officer of CLPS, commented, “The past fiscal year demonstrated meaningful progress in building a more resilient and diversified business model. A key achievement was the significant reduction in client concentration risk, evidenced by the strategic push for global expansion which yielded substantial results. Overseas revenue grew 90.5% to \$42.5 million, with the APAC region being a primary driver of this growth. The successful establishment of operations in key regional markets, including Indonesia and Canada, which has begun generating revenue, alongside our presence in Dubai, underscores a strategic pivot towards high-growth international territories. Our expanding global footprint not only contributed to this growth but also positions the Company for a more globally improved revenue stream in the future, mitigating regional economic fluctuations.

Navigating the operational and financial impact of the major client's global restructuring strategy was one of the central challenges of this fiscal year. It required a careful realignment of resources while simultaneously supporting growth from other existing and new clients. In parallel, we made pivotal investments in our future by advancing our proprietary RPA product Nibot, and AI solutions. These technological developments, which moved into real-world applications, represent a critical long-term asset. As we celebrate our 20th anniversary, these investments underscore a commitment to evolving our service offerings beyond our IT consulting services towards higher-value, IP-driven solutions.”

Ms. Rui Yang, Chief Financial Officer of CLPS, commented, “The fiscal 2025 financial performance reflects a dual reality: achieving robust top-line growth while actively navigating the impact of unforeseen, non-recurring challenges.

Our operations outside Mainland China strongly validated our global expansion strategy, demonstrating impressive growth momentum. Specifically, during this fiscal year, our key international markets in APAC—Singapore, Hong Kong SAR, and Japan—recorded substantial year-over-year growth rates of 99.2%, 130.5%, and 253.2%, respectively. Furthermore, our focus on working capital management yielded positive results, with accounts receivable turnover days improving from 111 days in the previous fiscal year to 92 days.

However, the unexpected restructuring of CSCs in Dalian and Shanghai by our significant client resulted in material one-time severance expenses due to corresponding workforce reduction. This placed inevitable short-term pressure on our net income.

Moving forward, we are proactively addressing this challenge by accelerating the diversification of our revenue streams. For instance, with the market launch of Nibot, and further advancements in AI, we anticipate increased revenue generation from customized IT solutions segment, which will substantially reduce our reliance on any single client. Moreover, CLPS's diversified presence across sectors such as education and tourism, and continuous acquisition of new clients, will further mitigate this risk. We remain deeply committed to maintaining stringent financial discipline while simultaneously supporting initiatives that enhance CLPS's long-term competitive advantage and shareholder value."

Unaudited Second Half of Fiscal Year 2025 Financial Results

Revenues

In the second half of fiscal 2025, revenues increased by \$10.7 million, or 15.0%, to \$81.7 million from \$71.0 million in the prior year period. The increase in revenue was mainly due to the increased demand in IT consulting services.

Revenues by Service

- Revenue from IT consulting services increased by \$11.4 million, or 16.9%, to \$78.7 million in the second half of fiscal 2025, from \$67.3 million in the prior year period. Revenue from IT consulting services accounted for 96.3% of total revenue, compared to 94.8% in the prior year period. The increase was due to the increased demand from existing and new clients.
- Revenue from customized IT solution services decreased by \$0.1 million, or 4.7%, to \$1.8 million in the second half of fiscal 2025, from \$1.9 million in the prior year period. Revenue from customized IT solution services accounted for 2.2% of total revenue, compared to 2.7% in the prior year period. The decrease was primarily due to the decreased demand from existing clients. In response, we are actively pursuing new client acquisition and identifying emerging market needs, with an expectation for this segment to resume growth in the next fiscal year.
- Revenue from academic education services decreased by \$0.08 million, or 7.8%, to \$0.96 million in the second half of fiscal 2025, from \$1.04 million in the prior year period. Revenue from academic education services accounted for 1.2% of total revenue, compared to 1.5% in the prior year period. The decrease was primarily attributable to resource integration following the acquisition of the College of Allied Educators (CAE). Looking ahead, we are focused on generating new momentum by launching innovative courses for CAE to boost enrollment and drive segment revenue growth.
- Revenue from other services decreased by \$0.5 million, or 71.1%, to \$0.2 million in the second half of fiscal 2025, from \$0.7 million in the prior year period. Revenue from other services accounted for 0.3% of total revenue, compared to 1.0% in the prior year period. The decrease was primarily due to the decreased demand for other services, including head hunting service.

Revenues by Operational Areas

- Revenue from banking area increased by \$1.9 million, or 6.6%, to \$30.6 million in the second half of fiscal 2025, from \$28.7 million in the prior year period. Revenue from banking area accounted for 37.5% and 40.3% of total revenues in the second half of fiscal 2025 and 2024, respectively.
- Revenue from wealth management area decreased by \$3.1 million, or 18.4%, to \$13.9 million in the second half of fiscal 2025, from \$17.0 million in the prior year period. Revenue from wealth management area accounted for 17.0% and 23.9% of total revenues in the second half of fiscal 2025 and 2024, respectively.
- Revenue from e-Commerce area increased by \$4.7 million, or 46.1%, to \$14.9 million in the second half of fiscal 2025, from \$10.2 million in the prior year period. Revenue from e-Commerce area accounted for 18.2% and 14.3% of total revenues in the second half of fiscal 2025 and 2024, respectively.
- Revenue from automotive area increased by \$4.6 million, or 65.6%, to \$11.6 million in the second half of fiscal 2025, from \$7.0 million in the prior year period. Revenue from automotive area accounted for 14.3% and 9.9% of total revenues in the second half of fiscal 2025 and 2024, respectively.

Revenues by Geography

- Revenue generated outside of mainland China increased by 77.1% to \$23.5 million in the second half of fiscal year 2025, from \$13.3 million in the prior year period. The increase was primarily due to strong performance of our operations in Singapore, Hong Kong SAR and Japan, reflecting the Company's successful and continuous implementation of its global expansion strategy.

Gross Profit

Gross profit decreased by \$46.5 thousand, or 0.3%, to \$17.15 million in the second half of fiscal 2025, from \$17.20 million in the prior year period.

Operating Expenses

Selling and marketing expenses increased by \$0.9 million, or 47.5%, to \$2.7 million in the second half of fiscal 2025, from \$1.8 million in the prior year period. As a percentage of total revenues, selling and marketing expenses increased to 3.3% in the second half of fiscal 2025, compared to 2.6% in the prior year period. The increase was primarily due to an increase in sales staff to capture business growth opportunities.

Research and development expenses decreased by \$1.5 million, or 36.0%, to \$2.5 million in the second half of fiscal 2025, from \$4.0 million in the prior year period. As a percentage of total revenues, research and development expenses decreased to 3.1% in the second half of fiscal 2025, compared to 5.6% in the prior year period. The decrease was primarily due to the redeployment of R&D staff to deliver customized IT solutions, resulting in a reclassification of these expenses as cost of revenues.

General and administrative expenses increased by \$3.8 million, or 27.3%, to \$17.7 million in the second half of fiscal 2025, from \$13.9 million in the prior year period. As a percentage of total revenues, general and administrative expenses increased to 21.7% in the second half of fiscal 2025, compared to 19.6% in the prior year period. This increase was primarily due to the recognition of significant one-time employee severance costs, which were triggered by a major client's global restructuring strategy. After excluding all of the layoff compensation, our general and administrative expenses increased by 0.3% compared to the

prior-year period.

Operating Loss

Operating loss was \$5.5 million in the second half of fiscal 2025, compared to operating loss of \$1.6 million in the same period of the previous year. Operating margin was -6.8% compared to -2.3% in the prior year period.

Other Income and Expenses

Total other income, net of other expenses was \$87.5 thousand in the second half of fiscal 2025, compared to \$0.6 million total other income, net of other expenses in the same period of previous year.

Provision (Benefit) for Income Taxes

Provision for income taxes was \$0.7 million in the second half of fiscal 2025, compared to a benefit for income taxes of \$0.2 million in the same period of the previous year.

Net Loss and Losses Per Share

Net loss was \$6.6 million in the second half of fiscal 2025, compared to a net loss of \$0.9 million in the prior year period.

Non-GAAP net loss¹ was \$6.1 million in the second half of fiscal 2025, compared to a Non-GAAP net loss of \$0.4 million in the prior year period.

Net loss attributable to CLPS Incorporation's shareholders was \$6.7 million, or \$0.24 basic and diluted losses per share in the second half of fiscal 2025, compared to a net loss attributable to CLPS Incorporation's shareholders of \$0.8 million, or \$0.03 basic and diluted losses per share in the second half of fiscal 2024.

Non-GAAP net loss attributable to CLPS Incorporation's shareholders² was \$6.2 million, or \$0.22 basic and diluted losses per share in the second half of fiscal 2024, compared to non-GAAP net loss attributable to CLPS Incorporation's shareholders of \$0.4 million, or \$0.02 basic and diluted losses per share in the second half of fiscal 2024.

Audited Fiscal Year 2025 Financial Results

Revenues

Revenues increased by \$21.7 million, or 15.2%, to \$164.5 million in the fiscal year 2025, from \$142.8 million in the prior year period. The increase in revenue was mainly due to the increased demand in IT consulting services.

Revenues by Service

- Revenue from IT consulting services increased by \$22.0 million, or 16.0%, to \$158.8 million in the fiscal year 2025, from \$136.8 million in the prior year period. Revenue from IT consulting services accounted for 96.5% of total revenue, compared to 95.8% in the prior year period. The increase was due to the increased demand from existing and new clients.

- Revenue from customized IT solution services decreased by \$0.3 million, or 11.6%, to \$2.8 million in the fiscal year 2025, from \$3.1 million in the prior year period. Revenue from customized IT solution services accounted for 1.7% of total revenue, compared to 2.2% in the prior year period. The decrease was primarily due to the decreased demand from existing clients. In response, we are actively pursuing new client acquisition and identifying emerging market needs, with an expectation for this segment to resume growth in the next fiscal year.
- Revenue from academic education services increased by \$1.0 million, or 96.3%, to \$2.0 million in the fiscal year 2025, from \$1.0 million in the prior year period. Revenue from academic education services accounted for 1.2% of total revenue, compared to 0.7% in the prior year period. The increase was primarily due the full-year consolidation of results from academic education services. As the acquisition of CAE closed in the second half of fiscal 2024, the prior year period only included approximately six months of its operating revenue.
- Revenue from other services decreased by \$0.9 million, or 49.7%, to \$0.9 million in the fiscal year 2025, from \$1.8 million in the prior year period. Revenue from other services accounted for 0.5% of total revenue, compared to 1.2% in the prior year period. The decrease was primarily due to the decreased demand for other services, including software sales.

Revenues by Operational Areas

- Revenue from banking area increased by \$6.9 million, or 12.1%, to \$64.1 million in the fiscal year 2025, from \$57.2 million in the prior year period. Revenue from banking area accounted for 39.0% and 40.0% of total revenues in the fiscal year 2025 and 2024, respectively.
- Revenue from wealth management area decreased by \$6.3 million, or 17.8%, to \$29.3 million in the fiscal year 2025, from \$35.6 million in the prior year period. Revenue from wealth management area accounted for 17.8% and 24.9% of total revenues in the fiscal year 2025 and 2024, respectively.
- Revenue from e-Commerce area increased by \$8.6 million, or 40.9%, to \$29.8 million in the fiscal year 2025, from \$21.2 million in the prior year period. Revenue from e-Commerce area accounted for 18.1% and 14.8% of total revenues in the fiscal year 2025 and 2024, respectively.
- Revenue from automotive area increased by \$6.6 million, or 46.1%, to \$20.8 million in the fiscal year 2025, from \$14.2 million in the prior year period. Revenue from automotive area accounted for 12.7% and 10.0% of total revenues in the fiscal year 2025 and 2024, respectively.

Revenues by Geography

- Revenue generated outside of mainland China increased by \$20.2 million, or 90.5%, to \$42.5 million in the fiscal year 2025, from \$22.3 million in the prior year period. The increase was due to strong performance of our operations in Singapore, Hong Kong SAR and Japan, reflecting the Company's successful and continuous implementation of its global expansion strategy.

Gross Profit

Gross profit increased by \$3.4 million, or 10.2%, to \$36.3 million in the fiscal year 2025, from \$32.9 million in the prior year period. The increase was primarily attributed to an increase in total revenue.

Operating Expenses

Selling and marketing expenses increased by \$0.6 million, or 13.3%, to \$5.2 million in the fiscal year 2025, from \$4.6 million in the prior year period. As a percentage of total revenues, selling and marketing expenses decreased to 3.1% in the fiscal year 2025, compared to 3.2% in the prior year period. The increase was primarily due to an increase in sales staff to capture business growth opportunities.

Research and development expenses decreased by \$1.4 million, or 18.7%, to \$5.8 million in the fiscal year 2025, from \$7.2 million in the prior year period. As a percentage of total revenues, research and development expenses decreased to 3.5% in the fiscal year 2025, compared to 5.0% in the prior year period. The decrease was primarily due to the redeployment of R&D staff to deliver customized IT solutions, resulting in a reclassification of these expenses as cost of revenues.

General and administrative expenses increased by \$6.8 million, or 26.8%, to \$31.9 million in the fiscal year 2025, from \$25.1 million in the prior year period. As a percentage of total revenues, general and administrative expenses increased to 19.4% in the fiscal year 2025, compared to 17.6% in the prior year period. This increase was primarily driven by two factors: first, the recognition of significant one-time employee severance costs, which were triggered by a major client's global restructuring strategy. After excluding all of the layoff compensation, our general and administrative expenses increased by 9.8% compared to the prior-year period. Second, the increase reflects necessary operational investments, including the establishment of the China Development Center (CDC) and Global Testing Center (GTC), which were put in place to support and capture the anticipated growth in demand for customized IT solutions services.

Operating Loss

Operating loss was \$5.4 million, compared to an operating loss of \$2.5 million in the same period of the previous year. Operating margin was -3.3% in the fiscal year 2025, compared to -1.8% in the prior year period.

Other Income and Expenses

Total other income, net of other expenses was \$0.3 million in the fiscal year 2025, compared to \$0.7 million total other income, net of other expenses in the prior year period.

Provision for Income Taxes

Provision for income taxes was \$0.9 million in the fiscal year 2025, compared to a provision for income taxes of \$0.2 million in the same period of the previous year.

Net Loss and (Losses) Earnings Per Share

Net loss was \$6.4 million in the fiscal year 2025, compared to a net loss of \$1.8 million in the prior year period.

Non-GAAP net loss¹ was \$3.8 million in the fiscal year 2025, compared to a non-GAAP net income of \$1.3 million in the prior year period.

Net loss attributable to CLPS Incorporation's shareholders was \$7.0 million, or \$0.26 basic and diluted losses per share in the fiscal year 2025, compared to net loss attributable to CLPS Incorporation's shareholders of \$2.3 million, or \$0.09 basic and diluted losses per share in the fiscal year 2024.

Non-GAAP net loss attributable to CLPS Incorporation's shareholders² was \$4.5 million, or \$0.16 basic and diluted losses per share in the fiscal year 2025, compared to non-GAAP net income attributable to CLPS Incorporation's shareholders of \$0.8 million, or \$0.03 basic and diluted earnings per share in the fiscal year 2024.

Cash Flow

As of June 30, 2025, the Company had cash and cash equivalents of \$28.2 million compared to \$29.1 million as of June 30, 2024.

Net cash used in operating activities was \$2.5 million for the twelve months ended June 30, 2025. Net cash used in investing activities was \$1.8 million. Net cash provided by financing activities was approximately \$2.9 million. The effect of exchange rate change on cash was approximately positive \$0.4 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 2026, 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 10% to 15% compared to fiscal year 2025 financial results, and non-GAAP net income in the range of approximately \$4.4 million to \$5.0 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, 2025, were translated at 7.1636 RMB to 1.00 USD compared to 7.2672 RMB to 1.00 USD as of June 30, 2024. 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, 2025 and 2024 were 7.2143 RMB to 1.00 USD and 7.2248 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 \(formerly Twitter\)](#), 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 2025, 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

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

² Non-GAAP net loss/income attributable to CLPS Incorporation's shareholders is a non-GAAP financial measure, which is defined as net loss/income attributable to CLPS Incorporation's shareholders excluding share-based compensation expenses. 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, 2025 (Audited)	December 31, 2024 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	28,173,160	35,626,137
Short-term investments	896,949	1,643,691
Accounts receivable, net	44,891,161	40,394,147
Prepayments, deposits and other assets, net	7,441,565	4,285,476
Amounts due from related parties	4,374,595	4,899,451
Total Current Assets	\$ 85,777,430	\$ 86,848,902
Non-current assets:		
Property and equipment, net	21,212,463	20,972,905
Intangible assets, net	2,055,102	2,067,127
Operating lease right-of-use assets	3,407,995	3,430,925
Goodwill	1,435,782	1,462,032
Long-term investments	1,718,995	692,385
Prepayments, deposits and other assets, net	481,761	1,005,886
Amounts due from related parties	1,945,960	2,270,249
Deferred tax assets, net	73,942	666,720
Total Assets	<u>\$118,109,430</u>	<u>\$ 119,417,131</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank loans	\$ 30,217,329	\$ 27,949,778
Accounts payable	2,515,207	1,548,917
Accrued expenses and other current liabilities	260,880	397,767
Tax payables	2,463,706	1,906,938
Contract liabilities	2,470,135	3,015,923
Salaries and benefits payable	14,062,007	13,285,958
Operating lease liabilities	2,348,195	1,853,798
Amount due to related parties	21,884	20,324
Total Current Liabilities	\$ 54,359,343	\$ 49,979,403
Non-current liabilities:		
Operating lease liabilities	1,301,369	1,846,777

Deferred tax liabilities	251,812	354,649
Unrecognized tax benefit	3,715,163	3,696,355
Other non-current liabilities	896,747	880,076
TOTAL LIABILITIES	\$ 60,524,434	\$ 56,757,260

Commitments and Contingencies

Shareholders' Equity

Common stock, \$0.0001 par value, 100,000,000 shares authorized; 27,988,452 shares issued and outstanding as of June 30, 2025; 27,986,235 shares issued and outstanding as of December 31, 2024	2,799	2,799
Additional paid-in capital	60,177,851	59,815,077
Statutory reserves	5,853,445	5,761,656
Accumulated deficit	(7,401,803)	(650,193)
Accumulated other comprehensive losses	(3,095,507)	(4,238,666)

Total CLPS Incorporation's Shareholders' Equity	55,536,785	60,690,673
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Noncontrolling Interests	2,048,211	1,969,198
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Total Shareholders' Equity	57,584,996	62,659,871
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Total Liabilities and Shareholders' Equity	\$118,109,430	\$ 119,417,131
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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,	
	2025	2024
Revenue	\$ 81,703,894	\$ 71,038,525
Cost of revenue (note 1)	(64,553,449)	(53,841,552)
Gross profit	17,150,445	17,196,973
Operating income (expenses):		
Selling and marketing expenses (note 1)	(2,727,725)	(1,849,118)
Research and development expenses	(2,533,678)	(3,961,031)
General and administrative expenses (note 1)	(17,737,124)	(13,935,384)
Impairment of goodwill	(129,270)	-
Subsidies and other operating income	440,978	926,159
Total operating expenses	(22,686,819)	(18,819,374)
Loss from operations	(5,536,374)	(1,622,401)
Other income	652,412	943,448
Other expenses	(564,956)	(358,372)
Loss before income tax and share of (loss) income in equity investees	(5,448,918)	(1,037,325)
Provision (benefit) for income taxes	679,739	(176,838)
Loss before share of income in equity investees	(6,128,657)	(860,487)
Share of (loss) income in equity investees, net of tax	(480,926)	6,632
Net loss	(6,609,583)	(853,855)
Less: Net income (loss) attributable to noncontrolling interests	50,238	(11,425)
Net loss attributable to CLPS Incorporation's shareholders	\$ (6,659,821)	\$ (842,430)
Other comprehensive loss		
Foreign currency translation income (loss)	\$ 1,171,934	\$ (1,260,918)
Less: Foreign currency translation income (loss) attributable to noncontrolling interests	28,775	(31,951)
Other comprehensive income (loss) attributable to CLPS Incorporation's shareholders	\$ 1,143,159	\$ (1,228,967)
Comprehensive loss attributable to CLPS Incorporation's shareholders	\$ (5,516,662)	\$ (2,071,397)

Comprehensive income (loss) attributable to noncontrolling interests	79,013	(43,376)
Comprehensive loss	\$ (5,437,649)	\$ (2,114,773)
Basic losses per common share	\$ (0.24)	\$ (0.03)
Weighted average number of share outstanding – basic	27,986,798	25,619,294
Diluted losses per common share	\$ (0.24)	\$ (0.03)
Weighted average number of share outstanding – diluted	27,986,798	25,619,294
Note:		
(1) Includes share-based compensation expenses as follows:		
Cost of revenues	2,197	5,658
Selling and marketing expenses	90,286	82,615
General and administrative expenses	269,214	348,850

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,	
	2025	2024
Cost of revenue	\$ (64,553,449)	\$ (53,841,552)
Less: share-based compensation expenses	(2,197)	(5,658)
Non-GAAP cost of revenue	\$ (64,551,252)	\$ (53,835,894)
Selling and marketing expenses	\$ (2,727,725)	\$ (1,849,118)
Less: share-based compensation expenses	(90,286)	(82,615)
Non-GAAP selling and marketing expenses	\$ (2,637,439)	\$ (1,766,503)
General and administrative expenses	\$ (17,737,124)	\$ (13,935,384)
Less: share-based compensation expenses	(269,214)	(348,850)
Non-GAAP general and administrative expenses	\$ (17,467,910)	\$ (13,586,534)
Loss from operations	\$ (5,536,374)	\$ (1,622,401)
Add: share-based compensation expenses and impairment of goodwill	490,967	437,123
Non-GAAP loss from operations	\$ (5,045,407)	\$ (1,185,278)
Operating margin	(6.8%)	(2.3%)
Add: share-based compensation expenses and impairment of goodwill	0.6%	0.6%
Non-GAAP operating margin	(6.2%)	(1.7%)
Net loss	\$ (6,609,583)	\$ (853,855)
Add: share-based compensation expenses and impairment of goodwill	490,967	437,123
Non-GAAP net loss	\$ (6,118,616)	\$ (416,732)
Net loss attributable to CLPS Incorporation's	\$ (6,659,821)	\$ (842,430)

shareholders			
Add: share-based compensation expenses and impairment of goodwill		490,967	437,123
Non-GAAP net loss attributable to CLPS Incorporation's shareholders	\$	(6,168,854)	\$ (405,307)
Weighted average number of share outstanding used in computing GAAP and non-GAAP basic earnings		27,986,798	25,619,294
GAAP basic losses per common share	\$	(0.24)	\$ (0.03)
Add: share-based compensation expenses and impairment of goodwill		0.02	0.01
Non-GAAP basic losses per common share	\$	(0.22)	\$ (0.02)
Weighted average number of share outstanding used in computing GAAP diluted losses and non-GAAP diluted losses		27,986,798	25,619,294
GAAP diluted losses per common share	\$	(0.24)	\$ (0.03)
Add: share-based compensation expenses and impairment of goodwill		0.02	0.01
Non-GAAP diluted losses per common share	\$	(0.22)	\$ (0.02)

CLPS INCORPORATION
AUDITED CONSOLIDATED BALANCE SHEETS
(Amounts in U.S. dollars (“\$”), except for number of shares)

	As of June 30,	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,173,160	\$ 29,116,431
Restricted cash	-	24,081
Short-term investments	896,949	2,100,000
Accounts receivable, net	44,891,161	38,779,209
Prepayments, deposits and other assets, net	7,441,565	4,497,578
Amounts due from related parties	4,374,595	3,559,109
Total Current Assets	85,777,430	78,076,408
Non-current assets:		
Property and equipment, net	21,212,463	21,168,524
Intangible assets, net	2,055,102	2,254,372
Goodwill	1,435,782	1,473,899
Operating lease right-of-use assets	3,407,995	2,776,858
Long-term investments	1,718,995	613,807
Prepayments, deposits and other assets, net	481,761	594,603
Amounts due from related parties	1,945,960	2,374,298
Deferred tax assets, net	73,942	697,047
Total Assets	\$ 118,109,430	\$ 110,029,816

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Bank loans	\$ 30,217,329	\$ 23,232,856
Accounts payable	2,515,207	949,137
Accrued expenses and other current liabilities	260,880	799,495
Tax payables	2,463,706	2,351,615
Contract liabilities	2,470,135	1,139,001
Salaries and benefits payable	14,062,007	9,941,541
Operating lease liabilities	2,348,195	1,361,928
Amounts due to related party	21,884	20,230
Total Current Liabilities	54,359,343	39,795,803

Non-current liabilities		
Operating lease liabilities	1,301,369	1,638,243
Unrecognized tax benefits	3,715,163	3,413,850
Deferred tax liabilities	251,812	378,344

Other non-current liabilities	896,747	883,963
Total Liabilities	60,524,434	46,110,203
Commitments and Contingencies		
Shareholders' Equity		
Common shares, \$0.0001 par value, 100,000,000 shares authorized; 27,988,452 shares issued and outstanding as of June 30, 2025; 25,640,056 shares issued and outstanding as of June 30, 2024	2,799	2,564
Additional paid-in capital	60,177,851	61,351,200
Statutory reserves	5,853,445	5,553,104
Accumulated deficit	(7,401,803)	(51,728)
Accumulated other comprehensive losses	(3,095,507)	(4,345,902)
Total CLPS Incorporation's Shareholders' Equity	55,536,785	62,509,238
Noncontrolling Interests	2,048,211	1,410,375
Total Shareholders' Equity	57,584,996	63,919,613
Total Liabilities and Shareholders' Equity	\$ 118,109,430	\$ 110,029,816

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,	
	2025	2024
Revenue from third parties	\$ 164,229,721	\$ 142,725,554
Revenue from related party	251,693	87,172
Cost of revenue from third parties (note 1)	(127,987,226)	(109,795,857)
Cost of revenue from related party	(188,770)	(69,738)
Gross profit	36,305,418	32,947,131
Operating income (expenses):		
Selling and marketing expenses (note 1)	(5,180,682)	(4,573,344)
Research and development expenses	(5,815,555)	(7,155,949)
General and administrative expenses (note 1)	(31,852,179)	(25,120,010)
Impairment of goodwill	(129,270)	-
Subsidies and other operating income	1,294,964	1,363,757
Total operating expenses	(41,682,722)	(35,485,546)
Loss from operations	(5,377,304)	(2,538,415)
Other income	1,237,678	1,251,465
Other expenses	(935,988)	(556,415)
Loss before income tax and share of (loss) income in equity investees	(5,075,614)	(1,843,365)
Provision for income taxes	947,529	160,725
Loss before share of (loss) income in equity investees	(6,023,143)	(2,004,090)
Share of (loss) income in equity investees, net of tax	(403,421)	156,780
Net loss	(6,426,564)	(1,847,310)
Less: Net income attributable to noncontrolling interests	623,170	482,655
Net loss attributable to CLPS Incorporation's shareholders	\$ (7,049,734)	\$ (2,329,965)
Other comprehensive income (loss)		
Foreign currency translation income (loss)	\$ 1,265,061	\$ (355,386)
Less: Foreign currency translation income (loss) attributable to noncontrolling interests	14,666	(78)
Other comprehensive income (loss) attributable to CLPS Incorporation's shareholders	\$ 1,250,395	\$ (355,308)

Comprehensive loss attributable to		
CLPS Incorporation's shareholders	\$ (5,799,339)	\$ (2,685,273)
Comprehensive income attributable to noncontrolling interests	637,836	482,577
Comprehensive loss	\$ (5,161,503)	\$ (2,202,696)
Basic losses per common share	\$ (0.26)	\$ (0.09)
Weighted average number of share outstanding – basic	27,533,182	25,213,012
Diluted losses per common share	\$ (0.26)	\$ (0.09)
Weighted average number of share outstanding – diluted	27,533,182	25,213,012
Note:		
(1) Includes share-based compensation expenses as follows:		
Cost of revenues	7,503	11,467
Selling and marketing expenses	179,938	275,562
General and administrative expenses	2,280,469	2,880,987

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,	
	2025	2024
Cost of revenue	\$ (128,175,996)	\$ (109,865,595)
Less: share-based compensation expenses	(7,503)	(11,467)
Non-GAAP cost of revenue	\$ (128,168,493)	\$ (109,854,128)
Selling and marketing expenses	\$ (5,180,682)	\$ (4,573,344)
Less: share-based compensation expenses	(179,938)	(275,562)
Non-GAAP selling and marketing expenses	\$ (5,000,744)	\$ (4,297,782)
General and administrative expenses	\$ (31,852,179)	\$ (25,120,010)
Less: share-based compensation expenses	(2,280,469)	(2,880,987)
Non-GAAP general and administrative expenses	\$ (29,571,710)	\$ (22,239,023)
Operating loss	\$ (5,377,304)	\$ (2,538,415)
Add: share-based compensation expenses and impairment of goodwill	2,597,180	3,168,016
Non-GAAP operating (loss) income	\$ (2,780,124)	\$ 629,601
Operating margin	(3.3%)	(1.8%)
Add: share-based compensation expenses and impairment of goodwill	1.6%	2.2%
Non-GAAP operating margin	(1.7%)	0.4%
Net loss	\$ (6,426,564)	\$ (1,847,310)
Add: share-based compensation expenses and impairment of goodwill	2,597,180	3,168,016
Non-GAAP net (loss) income	\$ (3,829,384)	\$ 1,320,706
Net loss attributable to CLPS Incorporation's shareholders	\$ (7,049,734)	\$ (2,329,965)
Add: share-based compensation expenses and impairment of goodwill	2,597,180	3,168,016
Non-GAAP net (loss) income attributable to CLPS Incorporation's shareholders	\$ (4,452,554)	\$ 838,051

Weighted average number of share outstanding used in computing GAAP and non-GAAP basic (losses) earnings	27,533,182	25,213,012
GAAP basic losses per common share	\$ (0.26)	\$ (0.09)
Add: share-based compensation expenses and impairment of goodwill	0.10	0.12
Non-GAAP basic (losses) earnings per common share	\$ (0.16)	\$ 0.03
Weighted average number of share outstanding used in computing GAAP diluted losses and non-GAAP diluted (losses) earnings	27,533,182	25,213,012
GAAP diluted losses per common share	\$ (0.26)	\$ (0.09)
Add: share-based compensation expenses and impairment of goodwill	0.10	0.12
Non-GAAP diluted (losses) earnings per common share	\$ (0.16)	\$ 0.03