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From the Desk of the CEO

Dear Shareholders - Namaskar!

March 2026 was a milestone year for us - as we crossed 100 CR INR as sales revenue for the first time in our history. We started the first quarter - initiating our new **"5X in 5 Years"** journey (₹100 Crore to ₹500 Crore) with the immediate priority to consolidate the global platform we have built over the last two years (post-few acquisitions) and prepare the company for its next phase of sustainable growth.

Looking back, a similar pattern emerged after our IPO in 2022. During the initial two years, we invested heavily in strengthening governance, building leadership, enhancing delivery capabilities & creating a scalable sales and marketing engine. These investments enabled us to accelerate growth over the following two years and successfully scale from approximately **₹25 Crore to over ₹100 Crore** in annual revenues.

We believe we are now entering a similar phase. The next 18-24 months will focus on integrating our recent acquisitions, strengthening operational efficiencies & creating a unified global organization capable of supporting significantly higher revenues.

Financial Highlight for Q1 (April-June) FY 26-27

For Q1 2026–27, the reported values were

Revenue: **37.93 CR INR**	EBITDA: **5.025 CR INR**
PBT: **4.27 CR INR**	PAT: **3.17 CR INR**.

These figures represent the performance for the quarter across the respective metrics. The Company remained profitable and cash-generative during the quarter. The quarter also provides a strong revenue base as we progress through the remainder of the financial year. At the same time, profitability has been affected by the consolidation of recent overseas acquisitions in USA & Japan and by planned investments in new capabilities. Addressing this margin profile while protecting our growth momentum is therefore an important management priority.

Business Highlights

Our business pipeline continued to strengthen across multiple service lines during the quarter.

Key developments included:

- Commencement of operations under an approximately **JPY 100 million annual Managed Services engagement** with a leading global customer in Japan
- Continued stable delivery from our Hyderabad operations, currently representing an annualized revenue base of approximately **₹10 crore**
- **Spoggle.ai**, our data analytics platform and services business, secured projects with an aggregate value of approximately **₹20 lakh**
- Selected to establish a **Japanese Capability Center (JCC)** for the India GCC of a global consulting company. The engagement is expected to represent approximately **₹1 crore in annual revenue** at the present scope

- Receipt of an order through an IM Corporation customer to establish a **Low-Code and AI Offshore Development Center**. The engagement is expected to begin with a small pilot and has the potential to scale, subject to successful execution and customer requirements.
- Initiation of an engagement with a leading Indian OTT platform for multilingual subtitling and data annotation services. The work has commenced across three Indian languages and may expand to additional languages based on customer requirements.
- Continued engagement with several Japanese Global Capability Centers in India. Present revenues from these opportunities remain modest, but they represent an important long-term pipeline for bilingual engineering, consulting, managed services & offshore delivery.

Across customer discussions, we continue to observe recurring demand themes around **AI, automation, low-code development, data analytics, managed services, digital transformation, multilingual data engineering and offshore delivery**.

A Differentiated unique Japan - India Growth Platform

We believe Fidel's most important long-term differentiator is its position at the intersection of **Japan & India**. Both India & Japan are deepening cooperation across technology, manufacturing, digital infrastructure, supply-chain diversification, semiconductors, smart manufacturing, AI & bilingual talent development. Japanese enterprises are increasingly evaluating India not only as a market, but also as an engineering, technology, manufacturing and global delivery base. Fidel has worked across the Japan-India corridor for more than two decades.

Today, our organizational platform combines:

- An established operating presence in Japan and India
- Bilingual Japanese and English delivery capabilities (more than 150+ delivery team in Japan)
- India-based engineering and technology talent
- Local customer relationships and leadership in Japan
- Digital engineering, managed services, AI, data & localization capabilities
- Consulting support for Japanese companies entering or expanding in India

We believe few companies of our size offer this combination within a single organization. Our ambition is therefore broader than becoming a larger conventional services company. We aim to build a respected **Japan-focused Digital Engineering, AI and Language Solutions platform**, connecting Japanese enterprises with Indian technology, talent and innovation.

This opportunity is structural & long term. It may not develop evenly from quarter to quarter, but we believe Fidel has built a unique differentiated platform from which to participate in it over the coming decade.

Strategic Transformation

Over the past two years, Fidel has undergone a significant transformation. We have evolved from a primarily Pune and Tokyo based services company into a global organization with operations across **India, Japan and the United States**. Our India delivery footprint now spans: Pune, Hyderabad, Chennai and supported by our business development presence in Delhi and Bengaluru, together with our teams and customer relationships in Japan and the United States.

In May 2026, Fidel achieved **CMMI Maturity Level 3**, further strengthening our emphasis on process-driven, scalable and consistent delivery.

Our business portfolio has also diversified. In addition to our services capabilities, we now own or operate and deliver proprietary solutions, including:

- **Spoggle** - an AI-enabled data analytics platform
- **Nintei** - a FIX protocol connectivity solution
- Proprietary language technology and localization platforms

Approximately **70% of our revenue is now generated from Technology, Bilingual Consulting and Digital Engineering services** while Language and Data engineering and related Services account for approximately **30%**. This reflects Fidel's evolution from a company historically associated with language services into a broader technology, engineering, data and bilingual consulting organization.

AI is changing where value is created
Rather than viewing AI as a disruption, we see it as a significant opportunity. Within our Language Technology business, customer demand is steadily **moving upstream from translation towards AI data infrastructure and multilingual AI enablement**.

Growth areas include:

- AI Training Data　　Multilingual Data Collection
- Data Annotation & Validation　　Language Engineering
- Voice & Speech Datasets　　Dubbing & Subtitling
- Multilingual Testing　　Enterprise AI Localization

For data-related opportunities, we are also seeing strong opportunities in sectors such as:

- Autonomous Driving Data Operations　　Software Defined Vehicles (SDV)
- Connected Vehicle Engineering　　Multilingual Automotive AI
- Managed AI Data Operations

These opportunities leverage Fidel's unique combination of technology, multilingual capabilities and engineering expertise. While most of these opportunities are through system integrators or partners, Fidel continues to identify direct end-users as well.

Expanding Beyond Traditional Software Services
Our Japan - India consulting practice and our recently established Hi-Tech Solutions business are creating opportunities beyond conventional software development. We are engaging with Japanese companies considering GCCs or engineering centers in India, as well as Japanese / Indian firms seeking support in areas such as:

- Smart manufacturing　　Factory digitalization
- Industrial IoT　　Data analytics
- Automation　　Technology infrastructure
- Japan /India market access and partnerships

Our geographical presence, bilingual capabilities, engineering resources and local understanding allow us to support customers across consulting, initial setup, implementation, staffing and ongoing operations. Although several of these initiatives remain at an early stage, they significantly broaden our addressable market and strengthen our long-term strategic positioning.

Margin Profile and Management Priorities

One area that we believe deserves specific attention is our profitability. During the past year, our **PAT margins have reduced from approximately 14-15% to around 8.38%**, despite the company continuing to remain **profitable, cash-flow positive and debt-servicing comfortably**.

This reduction in margins is **not a reflection of weakening demand or operational issues**, but rather the outcome of two or few conscious strategic decisions made by management.

1. Investing in Future Growth

Over the last 12-18 months, we continue to invest significantly in building new business verticals including:

- AI & Data Analytics (Spoggle)
- Hi-Tech Solutions & services
- Japan-focused GCC / JCC Consulting
- AI-enabled Engineering Services
- Strengthening our bilingual Japanese delivery capabilities

These businesses require upfront investments in leadership, technical talent, sales, marketing and competency development before meaningful revenues begin to flow. We view these as **strategic investments** that will create larger revenue streams over the coming **6-8 quarters**.

2. Strategic Acquisitions

During the last fiscal year, we also completed acquisitions in **Japan and the United States**. These acquisitions immediately strengthened our**: customer base, geographic footprint, leadership team, service capabilities and revenue visibility.**

However, these businesses currently operate at **lower margins** than our India operations, which has reduced our consolidated profitability in the short term. Our focus over the next 12-18 months is therefore on: integrating operations, improving utilization, increasing offshore delivery, winning higher-value projects and realizing cost synergies.

A good example is the consolidation of **IM Corporation office into Fidel's Tokyo office from August 1, 2026**, which alone is expected to generate annual savings of approximately **US$100,000**, while improving collaboration and operational efficiency.

Balancing Growth and Profitability

Our strategy is not growth at any cost. We remain focused on:

- Maintaining positive cash generation and Growing absolute profits over time
- Protecting balance-sheet discipline and Improving the quality of revenue
- Building recurring and managed-services income

- Increasing offshore leverage and Creating long-term shareholder value

At the same time, we believe it would be short-sighted to maximize near-term margins by underinvesting in capabilities that can support the next stage of growth. We are consciously accepting a degree of near-term margin dilution while building a larger, more diversified and more strategically positioned company. However, this investment must ultimately translate into improved revenue, operating leverage & profitability and management will continue to monitor progress closely.

To summarize -

Area	Current Position	Management Focus
Revenue	Significantly larger consolidated base	Sustain growth while improving revenue quality
PAT Margin	Reduced from earlier levels to approx..8.38%	Gradual recovery through integration, utilization, offshore delivery & improved project mix
Cash Generation	Positive	Maintain financial discipline & adequate liquidity
New Businesses	AI, Data Analytics, Hi-Tech Solutions, GCC/JCC and bilingual delivery remain in investment mode	Build meaningful revenue contribution over the coming quarters
Acquisitions	Integration in progress	Realize cost synergies, cross-selling and operating leverage
Japan–India Platform	Growing customer and opportunity base	Become a preferred bridge for technology, talent, and innovation between Japan and India

Looking Ahead

FY2026–27 is expected to be a year of both **growth and operational consolidation**.

Our priorities remain clear:

- Sustain revenue momentum & Improve operating efficiencies and utilization across our US – Japan – India business
- Integrate our US – Japan acquisitions into a unified global organization while increasing offshore delivery from India
- Expand managed-services, data engineering and recurring-revenue engagements while building AI-enabled service offerings
- Strengthen sales and marketing capabilities
- Develop our Japan - India consulting and GCC platform
- Pursue selective acquisition opportunities with financial discipline
- Gradually improve margins and absolute profitability

Our long-term growth thesis is anchored around five structural themes:

1. Japan–India-USA technology and Hi-Tech engineering collaboration
2. Data analytics, digital transformation & AI enabled services
3. Global Capability Centers and Japanese Capability Centers
4. Managed services, Bilingual consulting and offshore delivery
5. Multilingual AI data, engineering and enterprise language solutions & services

Quarterly performance may vary as we invest, integrate and scale. However, Fidel today has a broader customer base, deeper capabilities, a stronger geographic presence and a larger addressable market than at any previous point in its history. Our ambition extends beyond achieving a revenue target. We aim to build one of the most respected Japan-focused Digital Engineering companies operating between India and Japan.

Fidel is no longer only a language-services (Langtech) company. We are building a Japan-focused Digital Engineering, AI and Language Solutions company - uniquely positioned to connect technology, talent and innovation between India, Japan & USA.

We sincerely thank our shareholders, customers, employees, partners and other stakeholders for their continued trust and support as we embark on the next chapter of Fidel's journey.

Thank you.
Sunil Kulkarni

Sd/-
CEO
Fidel Softech Limited

Disclaimer
This note may contain "forward-looking statements" – these are statements related to future. In this context forward-looking statements often address our expected future business and financial performance and may contain words such as "expects, anticipates, intends, plans, believes, seeks, should or Will.' For us uncertainties may arise from fluctuations in forex, increase in recruitment costs, attrition in key positions and other factors affecting the demand including those of a political, economic, business, competitive or regulatory nature. Actual future results may differ substantially or materially than those expressed in our note.