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October 14, 2025

Non-consolidated Financial Results for the Three Months Ended August 31, 2025 (Under Japanese GAAP)

Company name: GDEP ADVANCE, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 5885
 URL: <https://info.gdep.co.jp>
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended August 31, 2025 (from June 1, 2025 to August 31, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2025	948	Δ24.0	166	Δ5.3	198	20.5	135	19.2
August 31, 2024	1,249	73.8	176	57.7	164	68.7	113	68.5

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
August 31, 2025	25.06	24.44
August 31, 2024	21.27	20.55

Note:

The Company conducted a stock split on December 1, 2024, at a ratio of 4 shares for 1 common stock. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2025	4,500	2,867	63.6
May 31, 2025	4,608	2,851	61.8

Reference: Equity

As of August 31, 2025: ¥2,863 million

As of May 31, 2025: ¥2,848 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2025	—	0.00	—	23.00	23.00
Fiscal year ending May 31, 2026	—				
Fiscal year ending May 31, 2026 (Forecast)		0.00	—	29.00	29.00

Note:

Revisions to the forecast of cash dividends most recently announced: None

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2026(June 1, 2025, to May 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Full year	7,308	10.2	934	11.2	934	17.3	617	15.0	114.06

Note:

1. Notice concerning Revision of the Financial Forecasts: None

2. Earnings forecasts for the six months ending November 30, 2025 are omitted because the company manages performance targets on a yearly basis.

*** Notes**

- (1) Adoption of accounting treatment specific to the preparation of Quarterly non-consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Non-Consolidated Financial Statements and Notes (3) Notes to the Quarterly Non-Consolidated Financial Statements (Accounting treatment specific to the preparation Quarterly Non-Consolidated Financial Statements)” on page 5 of the attachments to this summary.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: Yes
- (iii) Changes in accounting estimates: Yes
- (iv) Restatement: None

Note: Effective from the first quarter of the current fiscal year, we have changed the depreciation method and useful life, which falls under the category of “cases where it is difficult to distinguish a change in accounting policy from a change in accounting estimate.” For details, please refer to “2. Quarterly Non-Consolidated Financial Statements and Notes (3) Notes to the Quarterly Non-Consolidated Financial Statements (Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates)” on page 5 of the attachments to this summary.

- (3) Number of issued shares (common shares)

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

As of August 31, 2025	5,425,600 shares
As of May 31, 2025	5,413,600 shares

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

As of August 31, 2025	457 shares
As of May 31, 2025	424 shares

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

Three months ended August 31, 2025	5,417,325 shares
Three months ended August 31, 2024	5,354,852 shares

Note:

The Company conducted a stock split on December 1, 2024, at a ratio of 4 shares for 1 common stock. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

- * Review of the Attached Quarterly Financial Statements by a Certified Public Accountant or Audit Firm: No

- * Proper use of earnings forecasts, and other special matters

(Cautionary statements with respect to forward-looking statements and other information)

The earnings forecasts and other forward-looking statements presented in this report are based on information available at the time of its issue and on certain assumptions that the Company considers reasonable.

Forward-looking statements in no capacity represent a guarantee that the Company will achieve the stated amounts. Various factors can cause actual results to differ materially from the forecasts. For the assumptions underlying the earnings forecast and notes on the use of the earnings forecast, please refer to “1. Overview of Operating Results, etc. on Quarterly Finance Results (3) Explanation of Earnings Forecast and Other Forward-Looking Information” on page 2 of the attached document.

(Method of obtaining the supplementary material on financial results)

The supplementary material on financial results is disclosed on TDnet on the same day.

○Table of Contents - Attached Documents

1. Overview of Operating Results, etc. on Quarterly Finance Results.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	2
(3) Explanation of non-consolidated Financial Results Forecast and Other Forward-looking Information.....	2
2. Quarterly Non-Consolidated Financial Statements and Principal Notes.....	3
(1) Quarterly Non-Consolidated Balance Sheets	3
(2) Quarterly Non-Consolidated Statements of Income.....	4
(3) Notes to the Quarterly Non-Consolidated Financial Statements.....	5
(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates)	5
(Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements)	5
(Notes on segment information, etc.)	5
(Notes in the case of significant changes in shareholders' equity)	5
(Notes on going concern assumption)	5
(Notes to Quarterly Non-Consolidated Statements of Cash Flows)	5

1. Overview of Operating Results, etc. on Quarterly Finance Results

(1) Explanation of Operating Results

During the first quarter of the current fiscal year, the Japanese economy continued its gradual recovery, supported by a pickup in personal consumption and a recovery in inbound demand. On the other hand, the outlook remains uncertain due to persistently high raw material prices, sharp exchange rate fluctuations, and concerns over a slowdown in overseas economies stemming from U.S. tariff policies.

In this economic environment, demand for IT-related capital investment among domestic companies remained high, with IT investment needs for digitalization aimed at improving productivity, strengthening competitiveness, and reducing labor costs showing solid underlying strength. In particular, the practical application of generative AI advanced, and demand for high-performance GPU servers and the AI infrastructure leveraging them continued to grow steadily.

Under the mission of “Advance with you, let's advance the world”, our Company has worked to increase profits in this situation.

As a result, for the first quarter cumulative period, operating performance was as follows: net sales of ¥948,848 thousand (down 24.0% year-on-year), operating profit of ¥166,914 thousand (down 5.3% year-on-year), ordinary profit of ¥198,054 thousand (up 20.5% year-on-year), and profit of ¥135,746 thousand (up 19.2% year-on-year).

As the Company is in the single segment of the system incubation business, we have omitted the segment-by-segment description.

(2) Explanation of Financial Position

(Assets)

Current assets as of August 31, 2025, were ¥4,290,949 thousand, a decrease of ¥100,264 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥817,089 thousand in cash and deposits, despite an increase of ¥228,159 thousand in notes and accounts receivable-trade and contract assets, and an increase of ¥413,252 thousand in merchandise, and an increase of ¥75,413 thousand in “Other” current assets resulting from the occurrence of accrued income, among other factors.

Non-current assets as of August 31, 2025, were ¥209,524 thousand, a decrease of ¥7,849 thousand from the end of the previous fiscal year. This was mainly due to the acquisition of property, plant and equipment worth ¥8,411 thousand and intangible assets worth ¥3,800 thousand, despite a decrease of ¥19,724 thousand due to the depreciation of fixed assets.

As a result, total assets as of August 31, 2025, were ¥4,500,474 thousand, a decrease of ¥108,114 thousand from the end of the previous fiscal year.

(Liabilities)

Current liabilities of August 31, 2025, were ¥922,949 thousand, a decrease of ¥104,308 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥63,854 thousand in notes and accounts payable-trade, and a decrease of ¥126,744 thousand in income taxes payable, and a decrease of ¥59,086 thousand in other current liabilities due to accrued consumption taxes, despite an increase of ¥130,826 thousand in advances received.

Non-current liabilities as of August 31, 2025, were ¥ 709,562 thousand, a decrease of ¥ 19,852 thousand from the end of the previous fiscal year. This was due to a decrease of ¥ 19,852 thousand in long-term advances received.

As a result, total liabilities as of August 31, 2025, were ¥ 1,632,511 thousand, a decrease of ¥ 124,160 thousand from the end of the previous fiscal year.

(Net assets)

Net assets of August 31, 2025, were ¥ 2,867,963 thousand, an increase of ¥ 16,046 thousand from the end of the previous fiscal year. This was mainly due to the recording of ¥135,746 thousand in profit, despite the payment of ¥124,503 thousand in dividends from surplus.

(3) Forecasts and Other Projections

There are no changes to non-consolidated financial results forecast for the fiscal year ending May 31, 2026, announced on July 14, 2025.

2. Quarterly Non-Consolidated Financial Statements and Notes

(1) Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

	As of May 31, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	3,334,112	2,517,022
Notes and accounts receivable - trade, and contract assets	90,871	319,031
Merchandise	960,913	1,374,166
Other	5,316	80,729
Total current assets	4,391,214	4,290,949
Non-current assets		
Property, plant and equipment	134,563	123,941
Intangible assets	32,419	35,528
Investments and other assets	50,392	50,055
Total non-current assets	217,374	209,524
Total assets	4,608,588	4,500,474
Liabilities		
Current liabilities		
Notes and accounts payable - trade	254,658	190,804
Income taxes payable	193,545	66,801
Advances received	455,845	586,672
Provision	—	14,550
Other	123,207	64,120
Total current liabilities	1,027,257	922,949
Non-current liabilities		
Long-term Advances received	503,482	483,630
Long-term Accounts payable - other	225,931	225,931
Total non-current liabilities	729,414	709,562
Total liabilities	1,756,672	1,632,511
Net assets		
Shareholders' equity		
Capital stock	290,879	292,603
Capital surplus	891,501	893,224
Retained earnings	1,667,124	1,678,368
Treasury shares	△987	△1,086
Total shareholders' equity	2,848,518	2,863,108
Share acquisition rights	3,398	4,854
Total net assets	2,851,916	2,867,963
Total liabilities and net assets	4,608,588	4,500,474

(2) Quarterly Non-Consolidated Statements of Income

(Thousands of yen)

	For the Three months ended August 31, 2024	For the Three months ended August 31, 2025
Net sales	1,249,213	948,848
Cost of sales	969,576	646,727
Gross profit	279,636	302,120
Selling, general and administrative expenses	103,293	135,206
Operating profit	176,342	166,914
Non-operating income		
Foreign exchange gains	—	22,907
Interest	1,035	8,203
Other	194	28
Total non-operating income	1,230	31,139
Non-operating expenses		
Foreign exchange losses	13,242	—
Total non-operating expenses	13,242	—
Ordinary profit	164,331	198,054
Profit before income taxes	164,331	198,054
Income taxes	50,455	62,307
Profit	113,876	135,746

(3) Notes to Quarterly Non-Consolidated Financial Statements

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates)

(Change in Depreciation Method for Tangible Fixed Assets and Change in Useful Life)

Previously, the Company adopted the straight-line method for assets related to cloud services. However, starting from the first quarter of the current fiscal year, the straight-line method has been changed to the declining balance method for cloud service contracts with a term of less than three years. This change is due to the commencement of new cloud services. While our previous cloud services were based on medium-term contract periods, the new cloud services include contracts with shorter durations, such as one year. Since the economic value of these assets is expected to diminish over time, we have determined that the declining balance method more accurately reflects our operating results.

Additionally, starting with the first quarter of the current fiscal year, in conjunction with the change in depreciation method, the useful life of assets related to cloud services with contract terms of less than three years has been revised to three years based on an estimate of the economically usable period, and has been changed going forward.

This has no impact on the cumulative results for the first quarter of the current fiscal year.

(Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by rationally estimating the effective tax rate after applying the tax effect on income before income taxes for the fiscal year including the three months ended August 31, 2025, and multiplying income before income taxes by the estimated effective tax rate.

(Notes on segment information, etc.)

Segment information is omitted as the Company operates a single segment of system incubation business.

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

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes to Quarterly Non-Consolidated Statements of Cash Flows)

We have not prepared a quarterly cash flow statement for the first quarter of the current fiscal year. Depreciation (including amortization of intangible assets) for the first quarter of the fiscal year is as follows.

	For the Three months ended August 31, 2024	For the Three months ended August 31, 2025
Depreciation	Thousands of yen 9,384	Thousands of yen 19,724