Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

January 14, 2025

Non-consolidated Financial Results for the Six Months Ended November 30, 2024 (Under Japanese GAAP)

Company name: GDEP ADVANCE, Inc.
Listing: Tokyo Stock Exchange
Securities code: 5885
URL: https://info.gdep.co.jp
Representative: Tadamichi Iino, Representative Director and President
Inquiries: Tatsuo Ohashi, Director and General Manager of Corporate Management
Telephone: 022-713-4050

Scheduled date to file semi-annual securities report: January 14, 2025
Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Non-consolidated financial results for the six months ended November 30, 2024 (from June 1, 2024 to November 30, 2024)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2024	3,995	111.8	498	90.6	497	101.8	344	101.3
November 30, 2023	1,886	—	261	—	246	—	170	—

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2024	64.25	62.10
November 30, 2023	32.75	31.28

Note:
1. Since semi-annual financial statements were not prepared for semi-annual of the fiscal year ended May 31, 2023, the percentage change from the same quarter of the previous year for the semi-annual of the fiscal year ended May 31, 2024, is not shown.
2. With regard to the calculation of diluted earnings per share for the semi-annual of the fiscal year ending May 2024,since the Company was listed on the Tokyo Stock Exchange Standard Market on June 30, 2023, the average share price from the initial listing date to the end of semi-annual of the fiscal year ending May 31, 2024, is considered to be the average share price during the period.
3. 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	%
November 30, 2024	4,490	2,645	58.9
May 31, 2024	4,334	2,390	55.1

Reference: Equity
As of November 30, 2024: ¥2,645 million
As of May 31, 2024: ¥2,390 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, 2024	–	0.00	–	67.00	67.00
Fiscal year ending May 31, 2025	–	0.00			
Fiscal year ending May 31, 2025 (Forecast)			–	17.50	17.50

Note:

Revisions to the forecast of cash dividends most recently announced: No

The Company conducted a stock split on December 1, 2024, at a ratio of 4 shares for 1 common stock. The year-end dividend for the fiscal year ending May 31, 2025, (forecast) is the amount after the stock split. If the stock split is not taken into account, the year-end dividend will be ¥70 and the annual dividend will be ¥70.

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2025(June 1, 2024 to May 31, 2025)

(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	%	Yen
Full year	5,770	30.5	675	1.9	675	3.5	443	2.6	82.84

Note:

1. Notice concerning Revision of the Financial Forecasts : No
2. The Company conducted a stock split on December 1, 2024, at a ratio of 4 shares for 1 common stock. Profit per share forecasts of financial results for the fiscal year ending May 31, 2025, is calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year. If the stock split were not taken into account, basic earnings per share was ¥331.36.

*** Notes**

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

Note: For details, please refer to "2. Semi-annual Non-Consolidated Financial Statements and Notes (4) Notes to the Semi-annual Non-Consolidated Financial Statements (Accounting treatment specific to the preparation Semi-annual Non-Consolidated Financial Statements)" on page 7 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: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of November 30, 2024	5,357,600 shares
As of May 31, 2024	5,353,600 shares

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

As of November 30, 2024	404 shares
As of May 31, 2024	120 shares

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

Six months ended May 31, 2025	5,356,054 shares
Six months ended May 31, 2024	5,219,644 shares

Note: The Company conducted a stock split on December 1, 2024, at a ratio of 4 shares for 1 common stock. "Number of shares issued at the end of the period", "Number of treasury shares at the end of the period" and "Average number of shares during period" are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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. Qualitative Information on Semi-annual Results (3) Explanation of Earnings Forecast and Other Forward-Looking Information" on page 3 of the attached document.

(Method of obtaining the supplementary material on financial results and details of the financial results briefing)

The Company plans to hold a financial results presentation for institutional investors and analysts on Wednesday, January 15, 2025. The video of the presentation and the presentation materials will be uploaded to our website immediately after the event.

○Table of Contents - Attached Documents

1. Overview of Operating Results, etc on Semi-annual 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…… 3
2. Semi-annual Non-Consolidated Financial Statements and Principal Notes…… 4
（1）Semi-annual Non-Consolidated Balance Sheets …… 4
（2）Semi-annual Non-Consolidated Statements of Income…… 5
（3）Semi-annual Non-Consolidated Statements of Cash Flows…… 6
（4）Notes to the Semi-annual Non-Consolidated Financial Statements…… 7
（Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements） …… 7
（Additional information） …… 7
（Notes on segment information, etc. ） …… 7
（Notes in the case of significant changes in shareholders' equity） …… 7
（Notes on going concern assumption） …… 7
（Significant Subsequent Event） …… 8

1. Overview of Operating Results, etc on Semi-annual Finance Results

(1) Explanation of Operating Results

During the first half of the fiscal year Ending May 31, 2025, the Japanese economy as a whole was on a moderate recovery trend, but there were still various downside risks, such as the sharp rise in raw material prices, geopolitical risks, and sharp fluctuations in exchange rates, and the outlook remained uncertain.

In this economic environment, domestic companies' demand for IT-related capital investment was high, and demand for IT investment to digitize for improving productivity, strengthening competitiveness, saving labor continued to be strong. The progress of generative AI technology was remarkable, and demand for investment in AI servers for the use of generative AI was at a high level.

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, in addition to the high demand for AI capital investment, the company's business performance for the current interim accounting period was boosted by large-scale projects that were ordered in the previous fiscal year, with net sales of ¥3,995,118 thousand (up 111.8% year-on-year), operating profit of ¥498,540 thousand (up 90.6% year-on-year), ordinary profit of ¥497,158 thousand (101.8% year-on-year), and profit of ¥344,138 thousand (101.3% year-on-year), resulting in significant increases in both sales and profits.

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

1) Assets, liabilities and net assets

(Assets)

Current assets as of November 30, 2024, were ¥4,362,840 thousand, an increase of ¥143,403 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥123,906 thousand in "Other" current assets.

Non-current assets as of November 30, 2024, were ¥127,431 thousand, an increase of ¥12,138 thousand from the end of the previous fiscal year. This was mainly due to the acquisition of property, plant and equipment worth ¥10,849 thousand and intangible assets worth ¥21,255 thousand, despite a decrease of ¥20,016 thousand due to the depreciation of fixed assets.

As a result, total assets as of November 30, 2024, were ¥4,490,272 thousand, an increase of ¥155,542 thousand from the end of the previous fiscal year.

(Liabilities)

Current liabilities of November 30, 2024, were ¥872,754 thousand, an decrease of ¥398,377 thousand from the end of the previous fiscal year. This is mainly due to a decrease of ¥189,415 thousand in notes and accounts payable-trade and a decrease of ¥344,824 thousand in advances received, despite an increase of ¥67,240 thousand in other current liabilities due to accrued consumption taxes and an increase of ¥58,430 thousand in income taxes payable.

Non-current liabilities as of November 30, 2024, were ¥971,974 thousand, an increase of ¥298,968 thousand from the end of the previous fiscal year. This was due to an increase of ¥298,968 thousand in long-term advances received.

As a result, total liabilities as of November 30, 2024, were ¥1,844,728 thousand, a decrease of ¥99,408 thousand from the end of the previous fiscal year.

(Net assets)

Net assets of November 30, 2024, were ¥2,645,543 thousand, an increase of ¥254,951 thousand from the end of the previous fiscal year. This was mainly due to the recording of ¥344,138 thousand in profit, despite the payment of ¥ 89,670 thousand in dividends from surplus.

2) Cash flows

Cash and cash equivalents ("cash") of November 30, 2024, was ¥2,791,393 thousand, an decrease of ¥214,734 thousand compared with the end of the fiscal year ended May 31, 2024.

Cash flows and factors affecting them for the first half of the fiscal year ending May 31, 2025, under review were as follows.

(Cash flows from operating activities)

Net cash used in operating activities was ¥89,343 thousand. This was mainly due to the main cash outflows factors including an increase of ¥209,296 thousand in trade receivables, a decrease of ¥189,415 thousand in notes and trade payables, an increase of ¥123,134 thousand in other assets and payment of income taxes of ¥ 88,949 thousand, despite the main cash inflows factors including profit before income taxes of ¥497,158 thousand.

（Cash flows from investing activities）

Net cash used in investing activities was ¥23,634 thousand. This was mainly due to the purchase of property, plant and equipment of ¥7,835 thousand and intangible assets of ¥15,095 thousand.

（Cash flows from financing activities）

Net cash used in financing activities was ¥89,449 thousand. This was mainly due to the payment of ¥89,447 thousand in dividends from surplus.

（3）Forecasts and Other Projections

There is no revision to the forecasts of financial results for the fiscal year ending May 31, 2025, which were announced on July 12, 2024.

2. Semi-annual Non-Consolidated Financial Statements and Notes

(1) Semi-annual Non-Consolidated Balance Sheets

(Thousands of yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	3,006,128	2,791,393
Notes and accounts receivable - trade, and contract assets	366,005	575,302
Merchandise	844,281	869,217
Other	3,021	126,927
Total current assets	4,219,436	4,362,840
Non-current assets		
Property, plant and equipment	76,717	69,486
Intangible assets	3,530	22,849
Investments and other assets	35,045	35,096
Total non-current assets	115,293	127,431
Total assets	4,334,730	4,490,272
Liabilities		
Current liabilities		
Notes and accounts payable - trade	353,066	163,651
Income taxes payable	107,601	166,031
Advances received	748,838	404,013
Provision	—	10,191
Other	61,625	128,866
Total current liabilities	1,271,131	872,754
Non-current liabilities		
Long-term Advances received	447,073	746,042
Long-term Accounts payable - other	225,931	225,931
Total non-current liabilities	673,005	971,974
Total liabilities	1,944,137	1,844,728
Net assets		
Shareholders' equity		
Capital stock	285,125	285,460
Capital surplus	885,746	886,081
Retained earnings	1,219,990	1,474,458
Treasury shares	△270	△942
Total shareholders' equity	2,390,592	2,645,058
Share acquisition rights	—	485
Total net assets	2,390,592	2,645,543
Total liabilities and net assets	4,334,730	4,490,272

(2) Semi-annual Non-Consolidated Statements of Income

(Thousands of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Net sales	1,886,149	3,995,118
Cost of sales	1,461,174	3,280,287
Gross profit	424,974	714,831
Selling, general and administrative expenses	163,391	216,290
Operating profit	261,582	498,540
Non-operating income		
Foreign exchange gains	4,599	—
Interest	9	3,698
Other	297	207
Total non-operating income	4,906	3,905
Non-operating expenses		
Foreign exchange losses	—	5,288
Listing-related expenses	20,086	—
Total non-operating expenses	20,086	5,288
Ordinary profit	246,402	497,158
Profit before income taxes	246,402	497,158
Income taxes	75,425	153,020
Profit	170,977	344,138

（3）Semi-annual Non-Consolidated Statements of Cash Flows

（Thousands of yen）

	For the six months ended November 30,2023	For the six months ended November 30,2024
Cash flows from operating activities		
Profit (loss) before income taxes	246,402	497,158
Depreciation	9,123	20,016
Amortization of security deposit	180	652
Share-based payment expenses	—	485
Increase (decrease) in provision	9,053	10,191
Interest	△9	△3,698
Foreign exchange losses (gains)	△12,240	12,308
Decrease (increase) in trade receivables	△255,678	△209,296
Decrease (increase) in inventories	47,780	△27,949
Increase (decrease) in trade payables	174,022	△189,415
Decrease (increase) in other assets	△25,919	△123,134
Increase (decrease) in other liabilities	62,128	9,360
Subtotal	254,844	△3,321
Interest received	9	2,927
Income taxes paid	△116,945	△88,949
Net cash provided by (used in) operating activities	137,908	△89,343
Cash flows from investing activities		
Purchase of property, plant and equipment	△3,289	△7,835
Purchase of intangible assets	—	△15,095
Payments of security deposit	△21,232	—
Others	—	△703
Net cash provided by (used in) investing activities	△24,521	△23,634
Cash flows from financing activities		
Proceeds from issuance of shares	502,601	671
Purchase of treasury shares	△270	△672
Dividends paid	△74,400	△89,447
Net cash provided by (used in) financing activities	427,931	△89,449
Effect of exchange rate change on cash and cash equivalents	12,240	△12,308
Net increase (decrease) in cash and cash equivalents	553,558	△214,734
Cash and cash equivalents at beginning of period	1,879,714	3,006,128
Cash and cash equivalents at end of period	2,433,272	2,791,393

(4) Notes to Semi-annual Non-Consolidated Financial Statements

(Adoption of accounting treatment specific to the preparation of semi-annual 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 six months ended November 30, 2024, and multiplying income before income taxes by the estimated effective tax rate.

(Additional information)

(Changes in Presentation Method)

(Semi-annual Non-Consolidated Statements of Income)

"Interest," which had previously been included in "Other" of "Non-operating income" in the six months ended November 30,2023, has been presented separately because its monetary materiality has increased. To reflect this change in the presentation method, the Company has reclassified the amount in its Semi-annual Non-Consolidated Statements of Income for the six months ended November 30,2023.

As a result, ¥307 thousand presented as "Other" in "Non-operating income" in the Semi-annual Non-Consolidated Statements of Income for the six months ended November 30,2023, was reclassified as "Interest" of ¥9 thousand and "Other" of ¥297 thousand.

(Notes on segment information, etc.)

(Segment information)

I For the six months ended (from June 1, 2023 to November 30, 2023)

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

II For the six months ended (from June 1, 2024 to November 30, 2024)

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.

（Significant Subsequent Event）

（Stock split）

Based on the resolution at the Board of Directors meeting on October 11, 2024, the Company conducted a stock split and partial amendment of Articles of Incorporation effective December 1, 2024.

（1）Purpose of stock split

The purpose is to create an environment that makes it easier to invest in the Company's stocks and enhance the liquidity of the Company's stock and to grow the number of Company investors by reducing the amount per investment unit.

（2）Outline of stock split

①Method of stock split

The Company conducted a 4-for-1 split for each common share held by shareholders written or recorded in the closing shareholder registry on the record date of November 30, 2024 (as that date was a national holiday, the virtual date was Friday, November 29, 2024).

②The number of shares to be increase by the stock split

Total number of issued shares prior to the stock split	1,339,400 shares
Number of shares to be increased by the stock split	4,018,200 shares
Total number of issued shares following the stock split	5,357,600 shares
Total number of authorized shares following stock split	19,200,000 shares

③Timeline

Announcement Date of record date	Thursday, November 14, 2024
Record date	Saturday, November 30, 2024
Effective date	Sunday, December 1, 2024

④Impact on per share information

The figures for each of the items in the (per share information) section would be as follows if the stock split had been conducted at the beginning of the previous fiscal year.

	Six months ended November 30, 2023	Six months ended November 30, 2024
	Yen	Yen
Basic earnings per share	32.75	64.25
Diluted earnings per share	31.28	62.10

（3）Partial amendment to the Articles of Incorporation due to the stock split

①Reason for the amendment

In accordance with the stock split, the Company amended Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, pursuant to Article 184, Paragraph 2 of the Companies Act, effective as of December 1, 2024.

②Details of the Amendment to the Articles of Incorporation

（Amendment is underlined）

Before the change	After the change
（Total number of shares authorized to be issued） Article 6: The Company's total number of authorized shares shall be 4,800,000 shares.	（Total number of shares authorized to be issued） Article 6: The Company's total number of

	authorized shares shall be 19,200,000 shares.

③Timeline

The effective date of the amendment to the Articles of Incorporation is December 1, 2024.

（4）Others

①Change in the amount of share capital

The share capital amount will remain unchanged at the time of the stock split.

②Adjustment of the exercise price of stock options

In accordance with this stock split, the exercise price per share of stock options to be exercised on and after December 1, 2024, has been adjusted as follows

Name of stock options	Exercise price before adjustment	Exercise price after adjustment
Stock Option #1	671yen	168 yen
Stock Option #2	1,861 yen	466 yen
Stock Option #3	10,237 yen	2,560 yen