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April 14, 2025

Non-consolidated Financial Results for the Nine Months Ended February 28, 2025 (Under Japanese GAAP)

Company name: GDEP ADVANCE, Inc.
Listing: Tokyo Stock Exchange
Securities code: 5885
URL: https://info.gdep.co.jp
Representative: Tadamichi Iino, Executive Officer, Representative Director and CEO
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Telephone: 022-713-4050
Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: No

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

1. Non-consolidated financial results for the nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	5,439	66.9	699	54.5	677	50.2	468	49.7
February 29, 2024	3,258	10.5	452	△5.3	451	△8.2	313	△2.6

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
February 28, 2025	87.49	84.59
February 29, 2024	59.63	57.02

Note:
1. With regard to the calculation of diluted earnings per share for the Quarterly 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 Third Quarter of the fiscal year ending May 31, 2024, is considered to be the average share price during the period.
2. 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	%
February 28, 2025	4,829	2,777	57.5
May 31, 2024	4,334	2,390	55.1

Reference: Equity
As of February 28, 2025: ¥2,775 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)				23.00	23.00

Note:

1.Revisions to the forecast of cash dividends most recently announced: Yes

Please refer to the “Notice of Revisions to Financial Results and Dividend Forecasts” released today (April 14, 2025) for details regarding revisions to the dividend forecast.

2.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.

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	6,610	49.5	802	21.0	781	19.7	529	22.4	98.67

Note:

1.Notice concerning Revision of the Financial Forecasts : Yes

Please refer to the “Notice of Revisions to Financial Results and Dividend Forecasts” released today (April 14, 2025) for details regarding revisions to Financial Results.

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.

*** 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: 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 February 28, 2025	5,394,400 shares
As of May 31, 2024	5,353,600 shares

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

As of February 28, 2025	424 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)

Nine months ended May 31, 2025	5,357,769 shares
Nine months ended May 31, 2024	5,248,964 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.

* Quarterly 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. 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.

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

(1) Explanation of Operating Results

During third quarter of the fiscal year Ending May 31, 2025, the Japanese economy as a whole continued to show signs of a gradual recovery. However, there are still concerns about the future, including the impact of high raw material prices, geopolitical risks, and rapid fluctuations in exchange rates, as well as the impact of the economic and foreign policy of the new US administration on the global economy, and the continuing rise in prices and shortage of human resources in Japan.

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, due to the high demand for AI capital investment, the company's business performance for the current interim accounting period was as follows: net sales of ¥ 5,439,332 thousand (up 66.9% year-on-year), operating profit of ¥ 699,658 thousand (up 54.5% year-on-year), ordinary profit of ¥ 677,667 thousand (50.2% year-on-year), and profit of ¥ 468,748 thousand (49.7% 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

1) Assets, liabilities and net assets

(Assets)

Current assets as of February 28, 2025, were ¥ 4,662,818 thousand, an increase of ¥ 443,381 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥161,394 thousand in cash and deposits, but an increase of ¥336,652 thousand in notes and accounts receivable-trade and contract assets, and an increase of ¥240,998 thousand in merchandise.

Non-current assets as of February 28, 2025, were ¥166,239 thousand, an increase of ¥50,946 thousand from the end of the previous fiscal year. This was mainly due to the acquisition of Property, plant and equipment worth ¥60,010 thousand and intangible fixed assets worth ¥21,795 thousand, despite a decrease of ¥31,393 thousand due to the depreciation of fixed assets.

As a result, total assets as of February 28, 2025, were ¥ 4,829,058 thousand, an increase of ¥ 494,327 thousand from the end of the previous fiscal year.

(Liabilities)

Current liabilities of February 28, 2025, were ¥ 1,299,666 thousand, an increase of ¥ 28,534 thousand from the end of the previous fiscal year. This is mainly due to an increase of ¥95,810 thousand in notes and accounts payable-trade, ¥16,562 thousand in income taxes payable, and ¥77,520 thousand in other current liabilities due to consumption taxes payable , despite a decrease of ¥171,863 thousand in advances received .

Non-current liabilities as of February 28, 2025, were ¥ 751,643 thousand, an increase of ¥ 78,638 thousand from the end of the previous fiscal year. This was due to an increase of ¥ 78,638 thousand in long-term advances received.

As a result, total liabilities as of February 28, 2025, were ¥ 2,051,310 thousand, a increase of ¥ 107,172 thousand from the end of the previous fiscal year.

(Net assets)

Net assets of February 28, 2025, were ¥ 2,777,747 thousand, an increase of ¥ 387,155 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥3,426 thousand in Capital stock and capital surplus respectively due to the exercise of stock options, and the recording of ¥ 468,748 thousand in profit, despite the payment of ¥ 89,670 thousand in dividends from surplus.

(3) Forecasts and Other Projections

With regard to the Financial Results forecast for the term ending May 31, 2025, we have revised the full-year Financial Results forecast announced on July 12, 2024, based on the earnings for the third quarter of the current fiscal year.Please refer to the “Notice of Revisions to Financial Results and Dividend Forecasts” released today (April 14, 2025) for details regarding revisions to Financial Results.

2. Quarterly Non-Consolidated Financial Statements and Notes

(1) Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

	As of May 31, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	3,006,128	2,844,733
Notes and accounts receivable - trade, and contract assets	366,005	702,658
Merchandise	844,281	1,085,280
Other	3,021	30,145
Total current assets	4,219,436	4,662,818
Non-current assets		
Property, plant and equipment	76,717	108,514
Intangible assets	3,530	22,146
Investments and other assets	35,045	35,579
Total non-current assets	115,293	166,239
Total assets	4,334,730	4,829,058
Liabilities		
Current liabilities		
Notes and accounts payable - trade	353,066	448,877
Income taxes payable	107,601	124,163
Advances received	748,838	576,975
Provision	—	10,504
Other	61,625	139,145
Total current liabilities	1,271,131	1,299,666
Non-current liabilities		
Long-term Advances received	447,073	525,711
Long-term Accounts payable - other	225,931	225,931
Total non-current liabilities	673,005	751,643
Total liabilities	1,944,137	2,051,310
Net assets		
Shareholders' equity		
Capital stock	285,125	288,551
Capital surplus	885,746	889,173
Retained earnings	1,219,990	1,599,068
Treasury shares	△270	△987
Total shareholders' equity	2,390,592	2,775,805
Share acquisition rights	—	1,941
Total net assets	2,390,592	2,777,747
Total liabilities and net assets	4,334,730	4,829,058

(2) Quarterly Non-Consolidated Statements of Income

(Thousands of yen)

	For the Nine months ended February 29, 2024	For the Nine months ended February 28, 2025
Net sales	3,258,976	5,439,332
Cost of sales	2,545,655	4,404,695
Gross profit	713,321	1,034,637
Selling, general and administrative expenses	260,611	334,978
Operating profit	452,710	699,658
Non-operating income		
Foreign exchange gains	18,173	—
Interest	25	8,289
Other	297	207
Total non-operating income	18,496	8,496
Non-operating expenses		
Foreign exchange losses	—	30,488
Listing-related expenses	20,086	—
Total non-operating expenses	20,086	30,488
Ordinary profit	451,120	677,667
Profit before income taxes	451,120	677,667
Income taxes	138,091	208,918
Profit	313,028	468,748

(3) Notes to Quarterly Non-Consolidated Financial Statements

(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 nine months ended February 28, 2025, and multiplying income before income taxes by the estimated effective tax rate.

(Additional information)

(Changes in Presentation Method)

(Quarterly Non-Consolidated Statements of Income)

"Interest," which had previously been included in "Other" of "Non-operating income" in the nine months ended February 29, 2024, 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 Quarterly Non-Consolidated Statements of Income for the nine months ended February 29, 2024.

As a result, ¥323 thousand presented as "Other" in "Non-operating income" in the Quarterly Non-Consolidated Statements of Income for the nine months ended February 29, 2024, was reclassified as "Interest" of ¥25 thousand and "Other" of ¥297 thousand.

(Notes on segment information, etc.)

(Segment information)

I For the nine months ended (from June 1, 2023 to February 29, 2024)

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

II For the nine months ended (from June 1, 2024 to February 28, 2025)

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 on Non-Consolidated Statements of Cash Flows)

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

	For the Nine months ended February 29, 2024	For the Nine months ended February 28, 2025
	Thousands of yen	Thousands of yen
Depreciation	16,316	31,393