

FYE2026 1Q

Supplementary Materials on Financial Results



GDEP ADVANCE, Inc.



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— FYE2026 1Q Financial Results

Highlights

Net sales

948million yen

YoY change

△ **24.0%**

Percentage of progress
toward full-year forecast

13.0%

Operating Profit

166million yen

YoY change

△ **5.3%**

Percentage of progress
toward full-year forecast

17.9%

【Net sales】

- Some projects that were expected to generate revenue in 2Q instead recorded revenue in 1Q, resulting in performance exceeding initial projections.
- While there is potential demand for AI development equipment, client decision-making is being prolonged due to the impact of Trump tariffs.

【Operating Profit】

- Selling, general, and administrative expenses increased due to personnel expansion and capital expenditures. However, the gross profit margin improved by 9.5pt, resulting in a profit decline as anticipated but a progress rate exceeding sales.

Summary of Financial Results

(Thousands of yen)	FYE2025 1Q		FYE2026 1Q		YoY Change (Ratio of Change)
	Achievements	Sales Ratio	Achievements	Sales Ratio	
Net sales	1,249,213	—	948,848	—	△300,365 (△24.0%)
Gross profit	279,636	22.4%	302,120	31.8%	+22,484 (+8.0%)
Operating profit	176,342	14.1%	166,914	17.6%	△9,428 (△5.3%)
Ordinary profit	164,331	13.2%	198,054	20.9%	+33,723 (+20.5%)
Profit	113,876	9.1%	135,746	14.3%	+21,870 (+19.2%)

Net sales

Revenue decreased as expected due to the recognition of a large-scale project in the same period of the previous year.

Gross profit

Despite lower revenue, profit increased by 8.0% due to a significant improvement in the profit margin of 9.5pt.

Operating profit

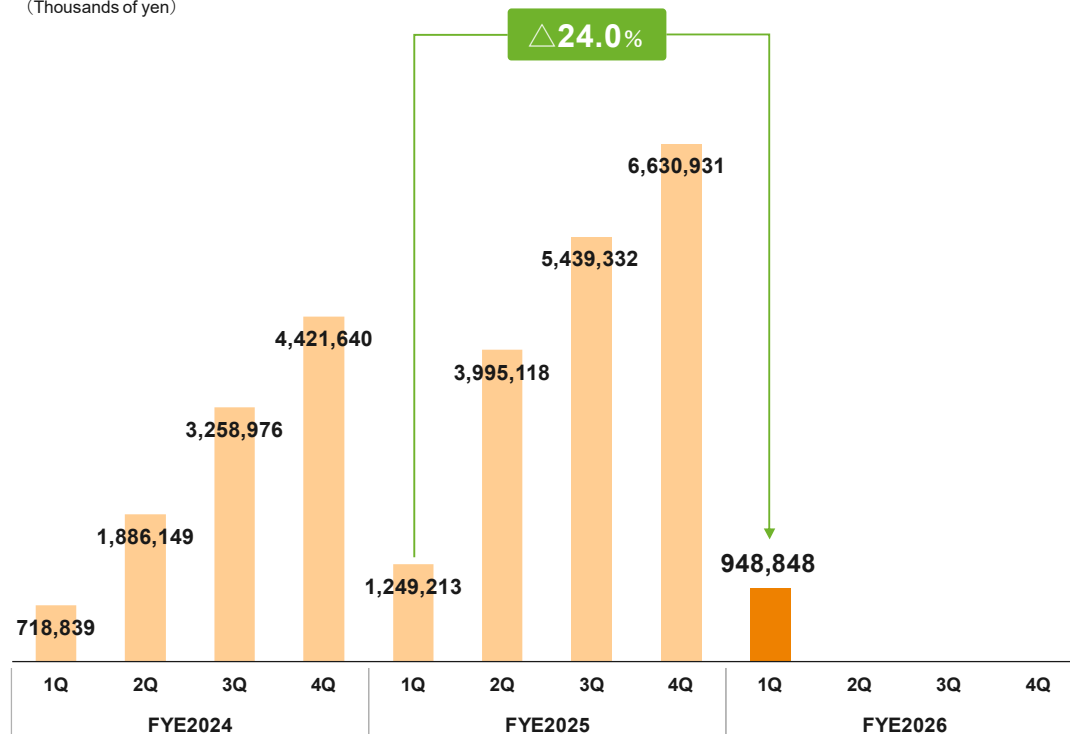
As anticipated, selling, general, and administrative expenses increased due to staffing and capital investments. Although the operating profit margin improved, operating profit decreased by 5.3%.

Operating profit

Impact of exchange rates

Trends in Net Sales (Cumulative)

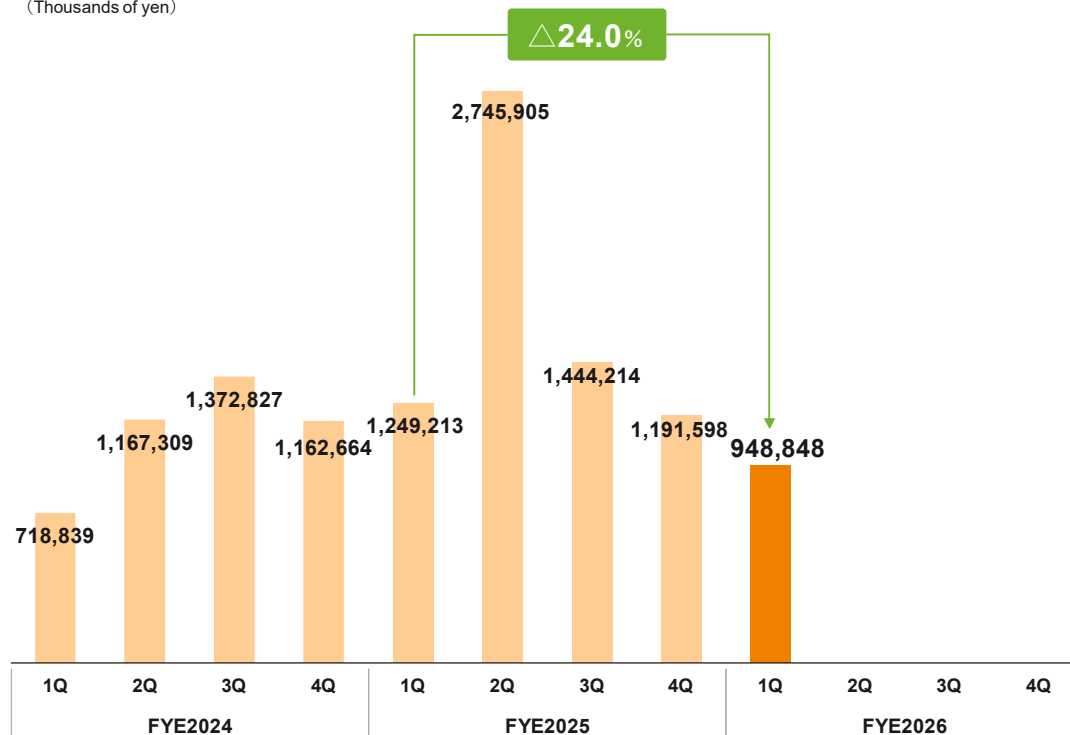
(Thousands of yen)



- Revenue decreased as initially projected.
- The previous 1Q was driven by revenue recognition related to large-scale projects.

Trends in Net Sales

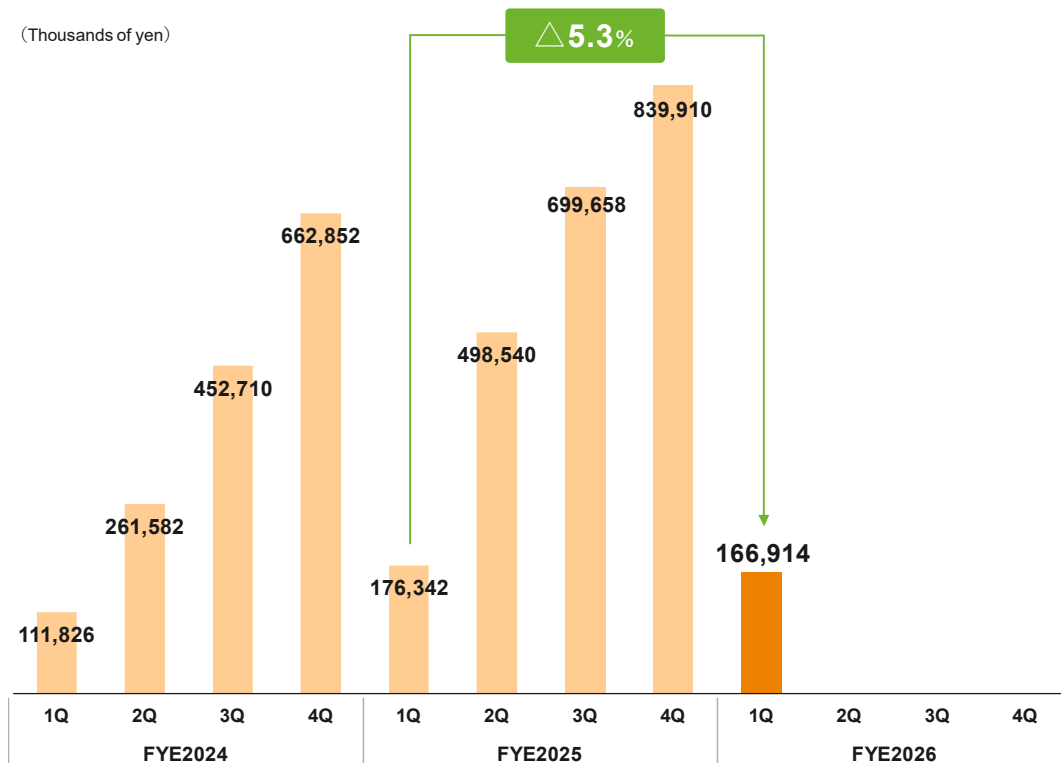
(Thousands of yen)



- Revenue decreased as initially projected.
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Trends in Operating Profit (Cumulative)

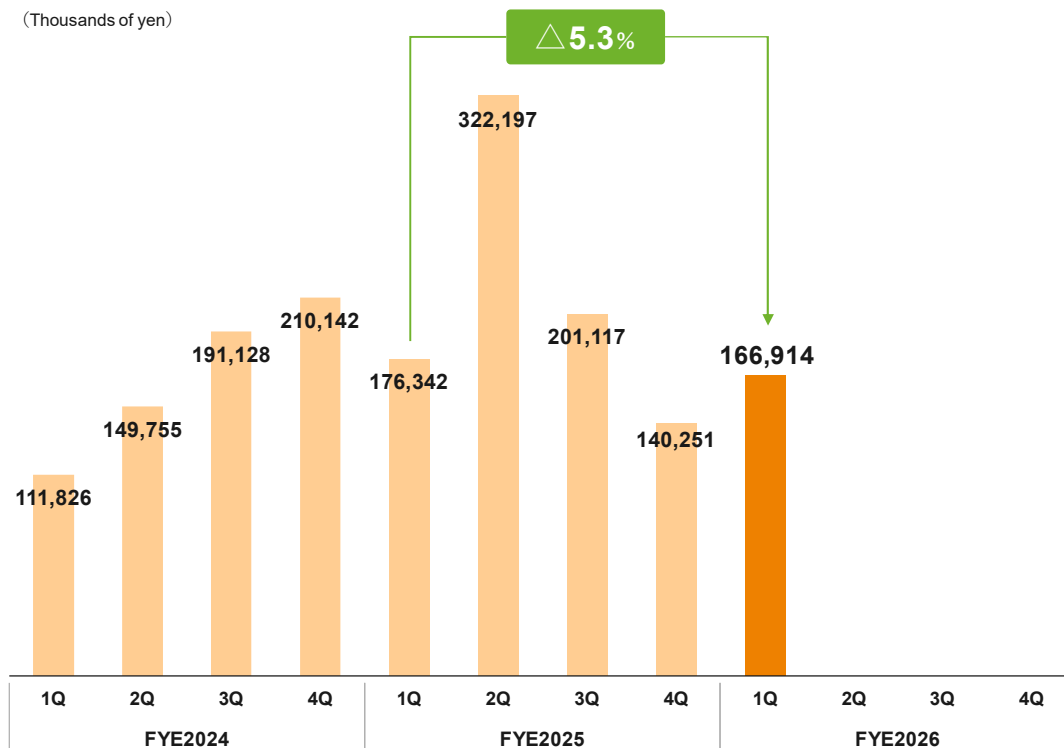
(Thousands of yen)



- Earnings decline as expected.
- Although the gross profit margin improved, profits declined due to the combined effects of reduced revenue and increased selling, general, and administrative expenses resulting from personnel growth and capital expenditures.

Trends in Operating Profit

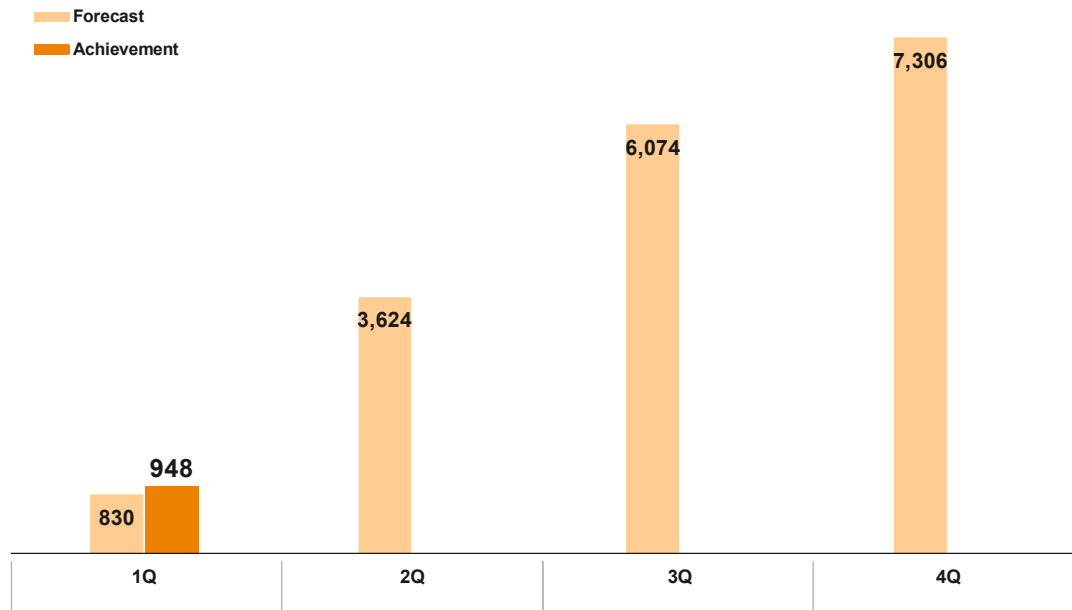
(Thousands of yen)



- Earnings decline as expected.
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Quarterly Sales Forecast & Achievement (Cumulative)

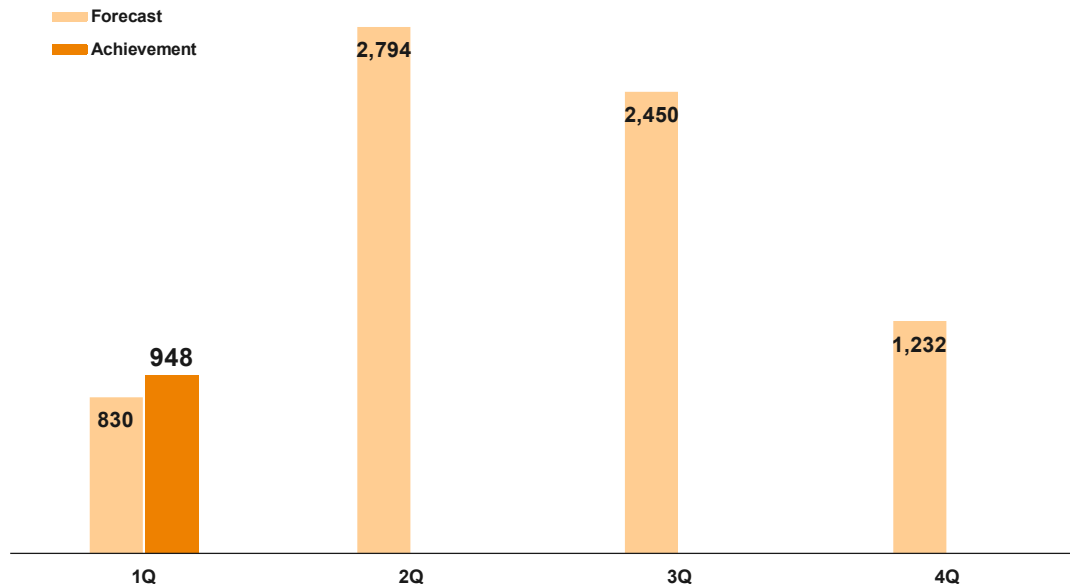
(Millions of yen)



- Some projects that were expected to generate revenue in 2Q instead recorded revenue in 1Q, resulting in performance exceeding initial projections.
- Due to the impact of Trump tariffs, clients' decision-making processes are showing a tendency toward prolongation.
- Depending on the timing of the decision-making, the quarter in which it is recorded may shift.

Quarterly Sales Forecast & Achievement

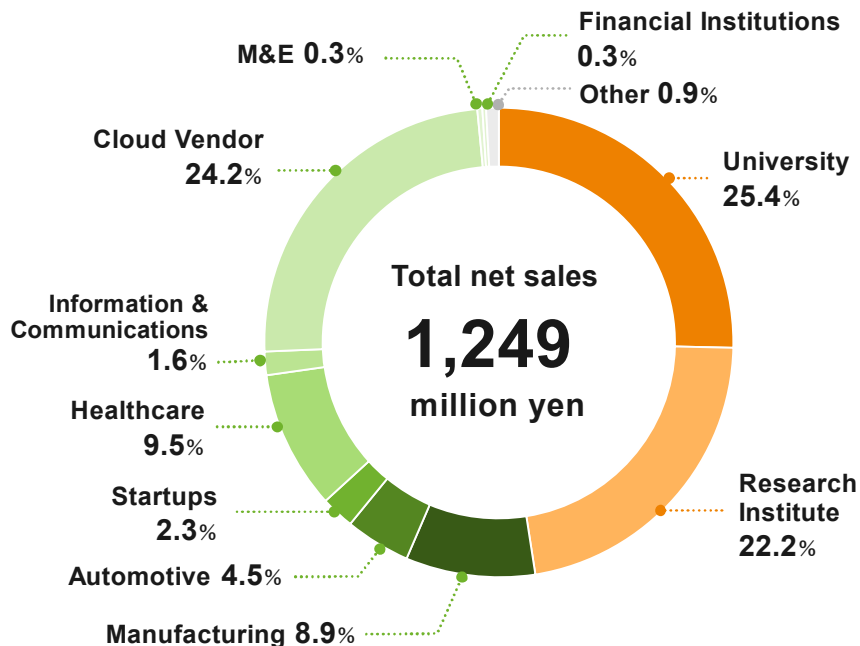
(Millions of yen)



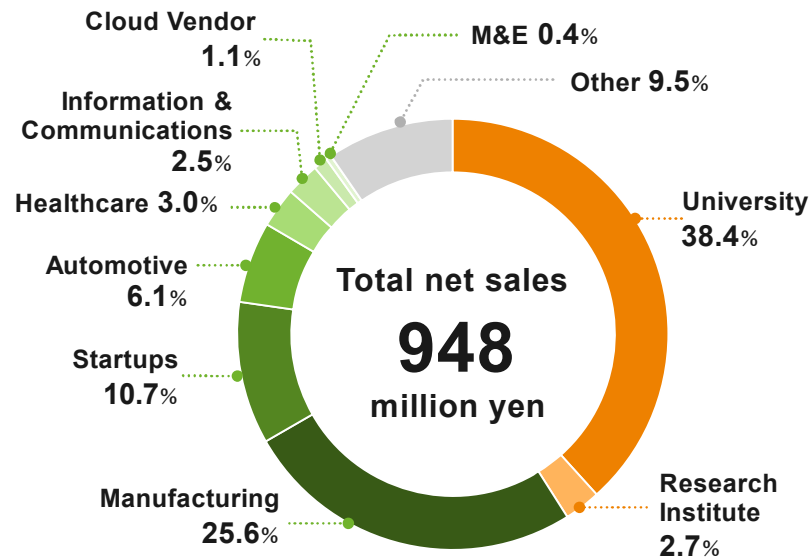
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Net Sales by Industry

FYE2025 1Q

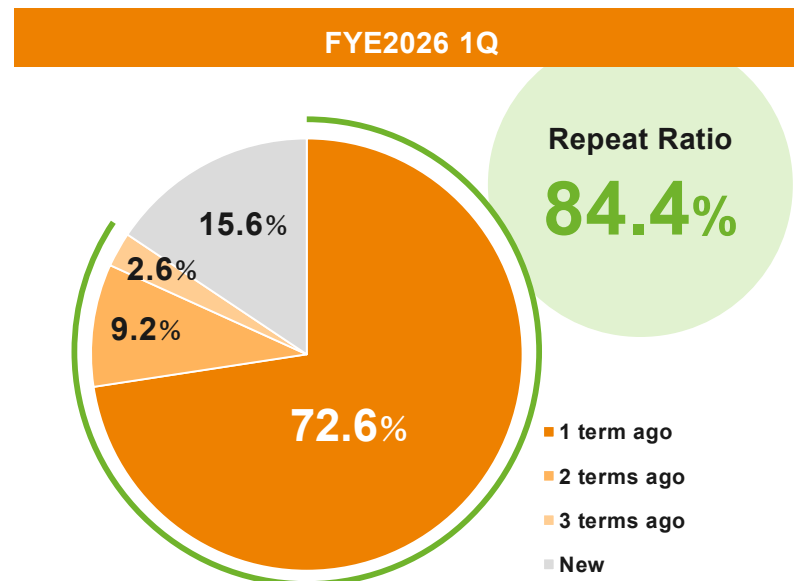
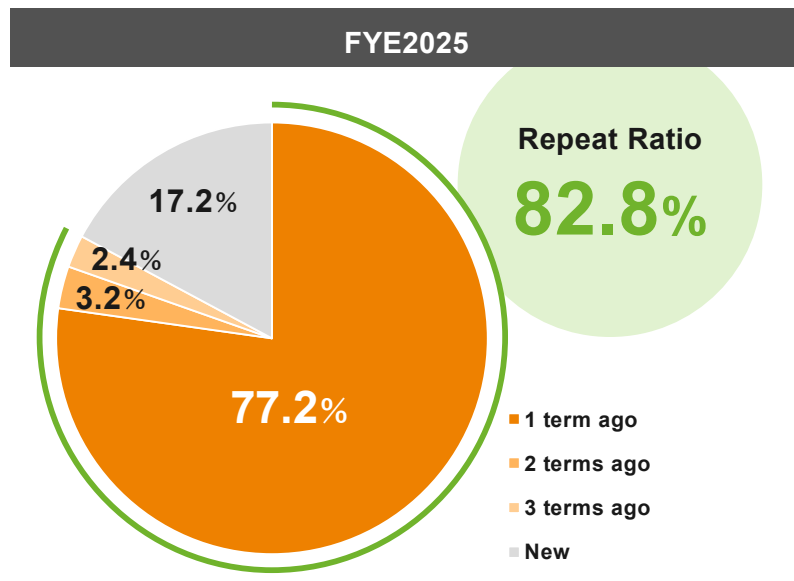


FYE2026 1Q



Repeat Ratio in Customer Composition Ratio

Over 80% of flow sales were repeat orders even in the 1Q.



Sales to customers in the current period,

※Sales for the previous fiscal year include sales to customers for which sales were recorded in the N-1 fiscal year (including cases where sales were recorded in the N-2 fiscal year or earlier).

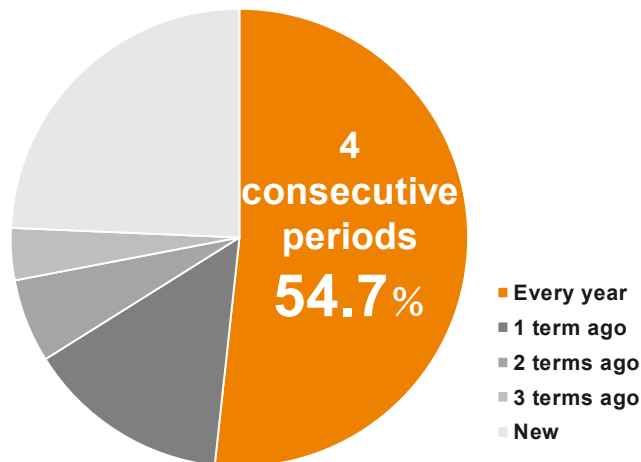
※Sales from two periods ago refer to sales to customers for which sales were not recorded in the N-1 period but were recorded in the N-2 period (including cases where sales were recorded in the N-3 period).

※Sales from three periods ago refer to sales to customers for whom sales were not recorded in the N-1 and N-2 periods but were recorded in the N-3 period (including cases where sales were recorded in the N-3 period).

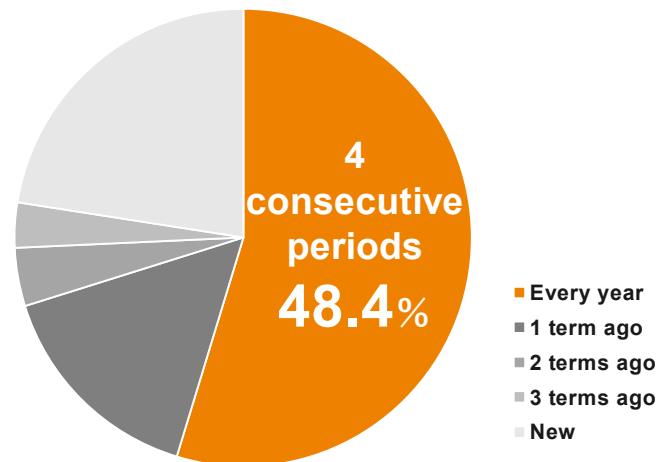
Retention Ratio

CX has been successful in retaining customers, with nearly 50% of regular customers continuing to do business with us for 4 consecutive terms.

FYE2025



FYE2026 1Q



Sales to customers in the current period,

※ Sales for the previous fiscal year include sales to customers for which sales were recorded in the N-1 fiscal year (including cases where sales were recorded in the N-2 fiscal year or earlier).

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※ Sales from three periods ago refer to sales to customers for whom sales were not recorded in the N-1 and N-2 periods but were recorded in the N-3 period (including cases where sales were recorded in the N-3 period).

※ Excluding sales from large projects exceeding 1 billion yen recorded in the current fiscal year.

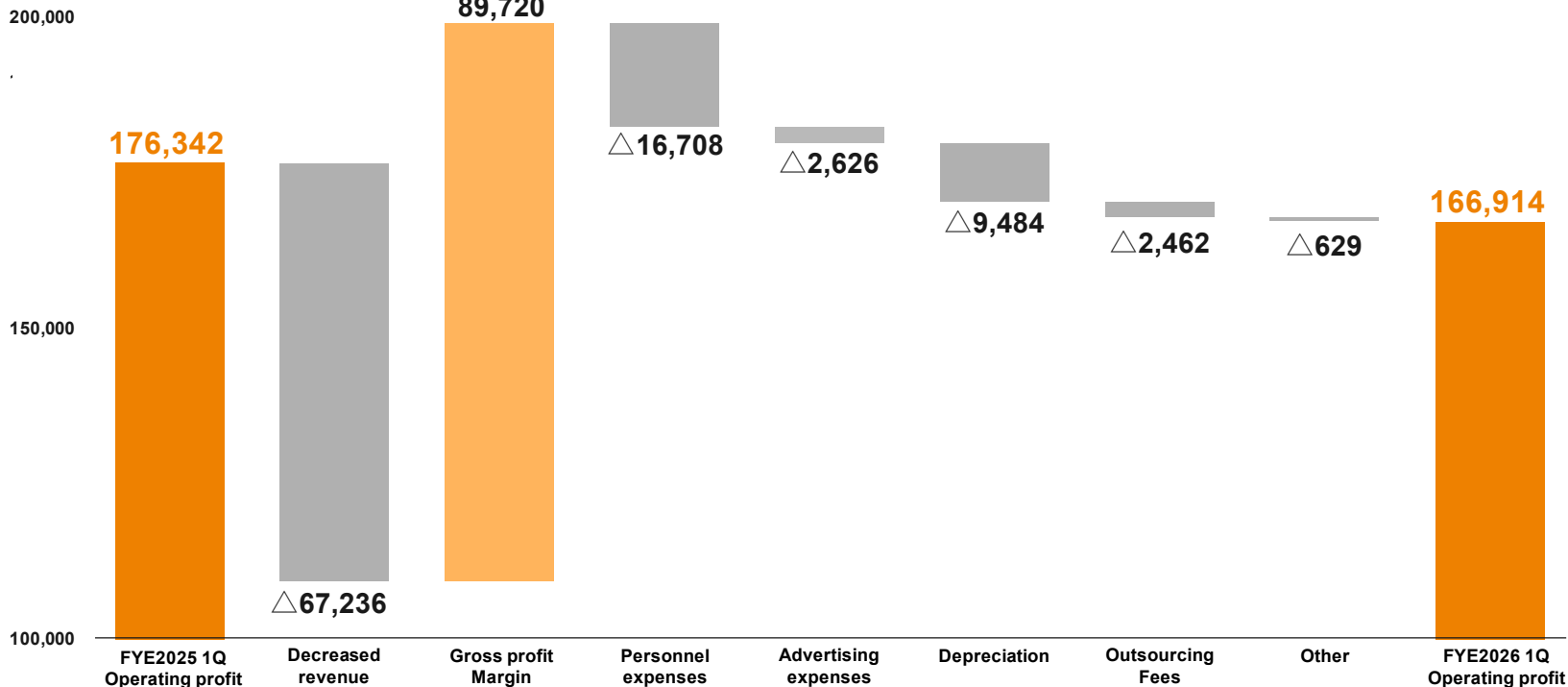
Net Sales by Service Category

(Thousands of yen)	FYE2025 1Q	FYE2026 1Q	Increase/ Decrease Amount	Ratio of Increase/ Decrease
Net sales	1,249,213	948,848	△ 300,365	△ 24.0%
DX Service	1,149,203	819,292	△ 329,910	△ 28.7%
Service & Support	100,009	129,555	+29,545	+29.5%

- DX services saw a decrease in revenue due to the recognition of a large-scale project in the previous period.
- Service & Support steadily increased the number of cases. The trend of increased sales continues.

Operating Profit Analysis of Changes

(Thousands of yen)



SG&A expenses

(Thousands of yen)	FYE2025 1Q	FYE2026 1Q	Increase/ Decrease Amount	Ratio of Increase/ Decrease
SG&A expenses	103,293	135,206	+31,912	+30.9%
Personnel expenses	46,804	63,512	+16,708	+35.7%
Advertising expenses	6,072	8,699	+2,626	+43.3%
Outsourcing Fees	8,968	11,430	+2,462	+27.5%
Depreciation	7,315	16,800	+9,484	+129.7%
Other	34,132	34,762	+629	+1.8%

Impact of increasing staff

Impact mainly due to strengthening IR activities

Impact of capital investment

Non-operating income & expenses

(Thousands of yen)	FYE2025 1Q	FYE2026 1Q	Increase/ Decrease Amount	Ratio of Increase/ Decrease
Non-operating income	1,230	31,139	+29,909	—
Foreign Exchange gains	—	22,907	+22,907	—
Interest	1,035	8,203	+7,167	+692.0%
Other	194	28	△166	△85.2%
Non-operating expenses	13,242	—	△13,242	—
Foreign Exchange losses	13,242	—	△13,242	—

- Due to the impact of foreign exchange rates, ordinary profit increased.

Progress toward Annual Earning Forecasts

	FYE2026 1Q		FYE2026 1Q		Progress Ratio
	Achievements	Sales Ratio	Achievements	Sales Ratio	
(Millions of yen)					
Net sales	948	—	7,308	—	13.0%
Operating profit	166	17.6%	934	12.8%	17.9%
Ordinary profit	198	20.9%	934	12.8%	21.2%
Profit	135	14.3%	617	8.4%	22.0%

- Progress for the first quarter is generally on schedule.

Dividend Forecast

	FYE2023	FYE2024	FYE2025	FYE2026 Forecast
Dividend per share (yen) ※	62.00	67.00	23.00 (92.00)	29.00
Dividend payout ratio	19.7%	20.4%	23.0%	25.4%

- Dividends are an important shareholder return measure.
- Our policy is to raise the dividend payout ratio each fiscal year while making necessary investments.

※ The Company conducted a stock split on December 1, 2024 at a ratio of 4 shares for 1 common stock.

※ Figures for FYE2023 to FYE2024 are before the stock split.

※ Figures for the FYE2025 are after the stock split. Figures in parentheses () do not include the stock split.

— APPENDIX

— Supplemental Results

Balance Sheets

(Thousands of yen)	FYE2025	FYE2026 1Q	Increase / Decrease amount	Ratio of Increase / Decrease
Current assets	4,391,214	4,290,949	△100,264	△2.3%
Cash and deposits	3,334,112	2,517,022	△817,089	△24.5%
Merchandise	960,913	1,374,166	+413,252	+43.0%
Non-current assets	217,374	209,524	△7,849	△3.6%
Total assets	4,608,588	4,500,474	△108,114	△2.3%
Current liabilities	1,027,257	922,949	△104,308	△10.2%
Non-current liabilities	729,414	709,562	△19,852	△2.7%
Total net assets	2,851,916	2,867,963	+16,046	+0.6%
Total liabilities and net assets	4,608,588	4,500,474	△108,114	△2.3%
Equity-to-asset ratio	61.8%	63.6%	+1.8pt	—
Interest-bearing debt	—	—	—	—

— Market Analysis

Current Situation

Negative

- The Trump tariffs are causing increased uncertainty about the future of domestic manufacturing and the automotive industry.
- Increasing inflation and operating costs (electricity, space, regulatory compliance costs)


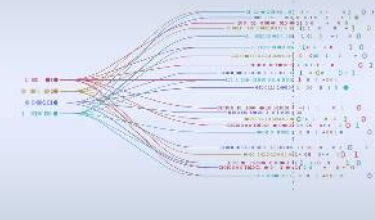


Positive

- With the evolution of AI, such as generative AI and multimodal AI, and the expansion of the market, project sizes will continue to increase.
- Shortening the launch span for new GPU products. New products are scheduled to be released every year until 2028.
- “2025 Budget Proposal: Major AI-Related Measures” Budget scale: 196.9 billion yen, a 67.4% increase from the previous year.

https://www8.cao.go.jp/cstp/ai/yosan_7nendo_an.pdf

Advances in AI and Market Expansion

AI, which has been used only in specific fields, will rapidly expand its scope in the future.

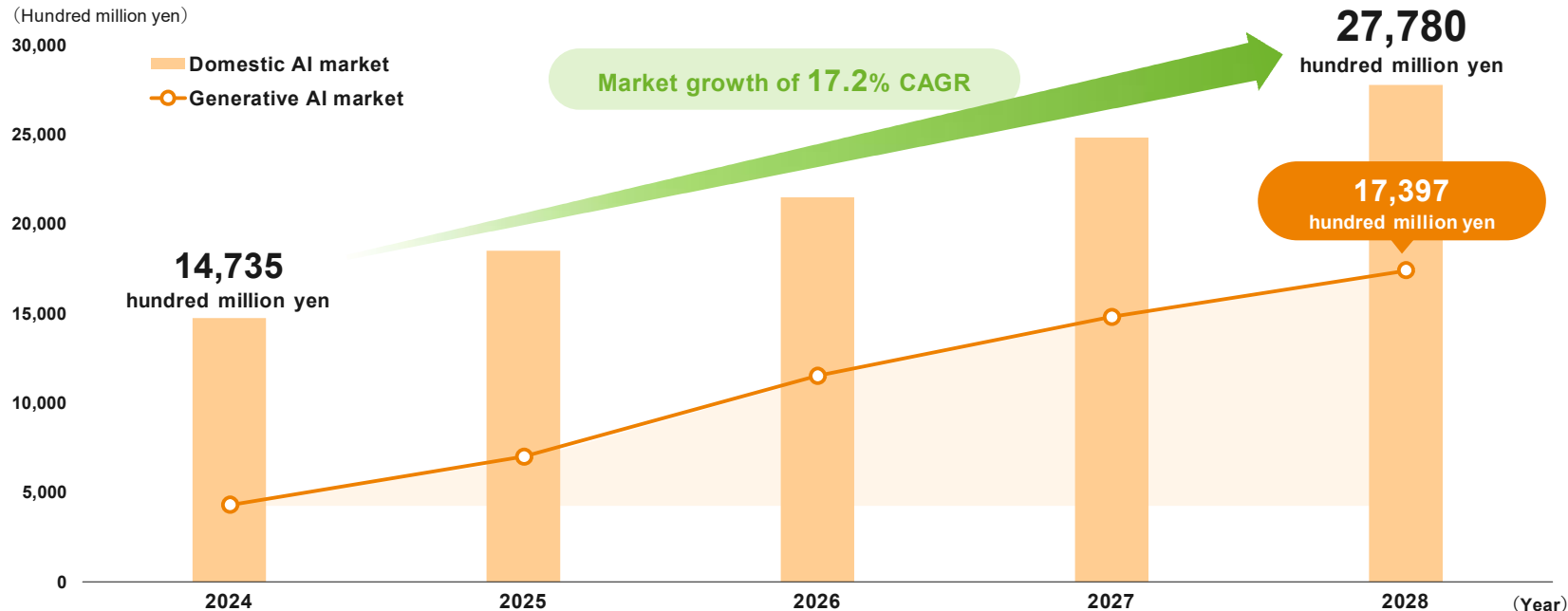
PERCEPTION AI	GENERATIVE AI	AGENTIC AI	PHYSICAL AI
Image recognition <ul style="list-style-type: none"> • Anomaly detection • Defect detection • Lesion diagnosis • Character recognition etc. 	Generative AI <ul style="list-style-type: none"> • Content generation • Chat bots • Voice bots etc. 	Agent AI <ul style="list-style-type: none"> • Personal Assistant • Business Process Automation etc. 	Physical AI <ul style="list-style-type: none"> • Robotics • Advanced Mobility etc.
			

Domestic Market Forecast for AI (including generative AI)

By 2028, the AI market will grow to 27,780 hundred million yen.

Of this, the generative AI market will reach 17,397 hundred million yen, a 12.3-fold increase from the 2023 fiscal year, accounting for approximately 60% of the AI market.

(Hundred million yen)

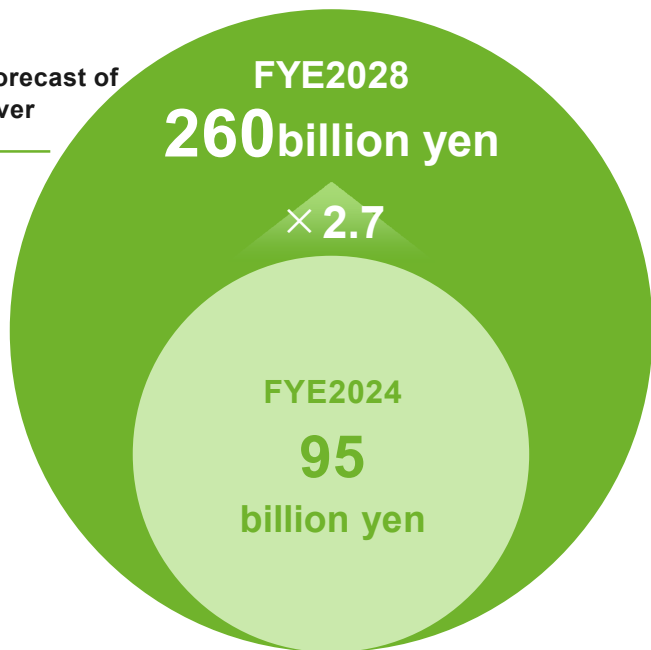


*From Fuji Chimera Research Institute, “2025 AI Market Survey: Leap Forward with Generative AI/LLM”

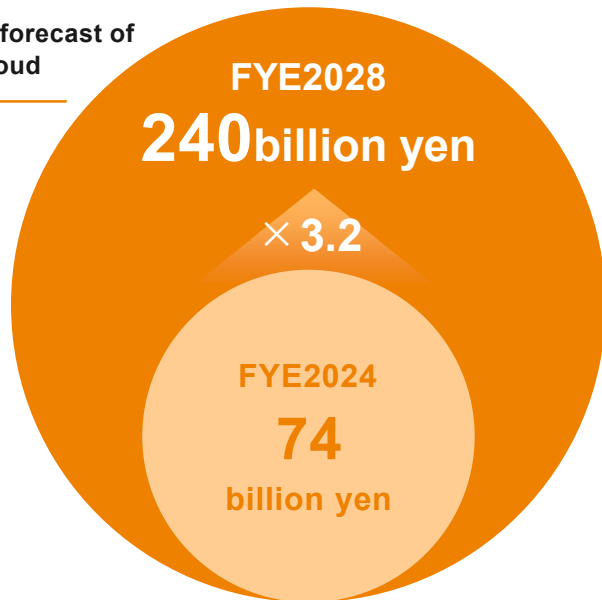
Market forecast of GPU server/GPU cloud for AI

The GPU server market is expected to grow 2.7 times over the five years from 2024 to 2028, while the GPU cloud market is expected to grow 3.2 times.

Market forecast of
GPU server



Market forecast of
GPU cloud



— Growth Strategy

Growth Strategy

1

Transition to higher-level business

2

Strengthening the ecosystem to meet the needs of the large-scale AI era

3

Expansion of business domains

Transition to Higher-level Business

We will continue to expand our portfolio to higher layers to meet a wide range of user needs.
Promote seamless upselling and cross-selling.

Providing tools for AI
development as solutions



AI Enterprise

AGE / W&B



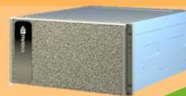
Deeplearning BOX



GPU Card



HGX Server



DGX Series



PCI-E GPU Server

DGX CLOUD



DGX Pod



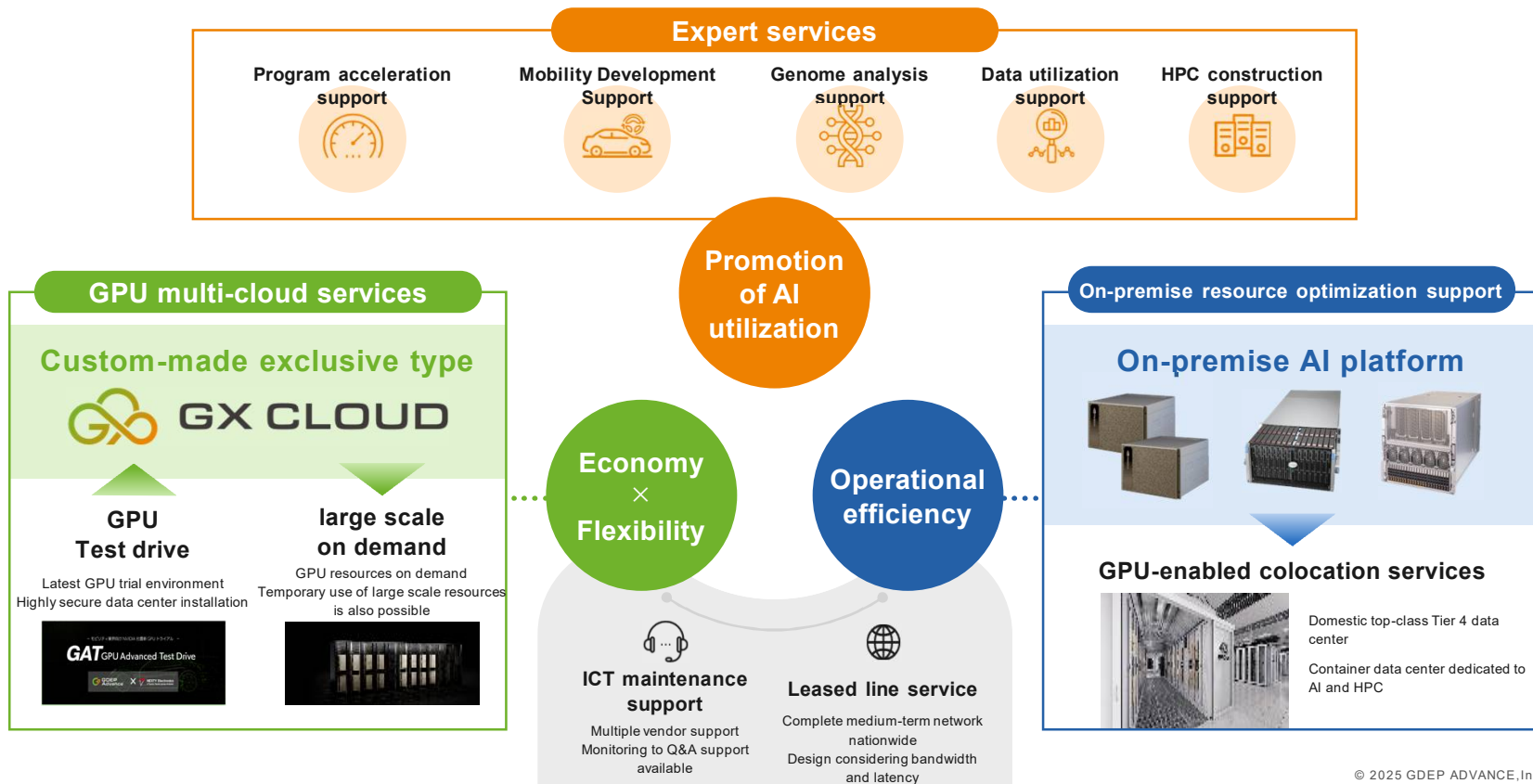
Stable operating environment
provided through collaboration
with four data centers in Japan

Strengthening the Ecosystem to Meet the Needs of the Large-scale AI era

Promote hybrid use of on-premises and cloud by partnering with cloud vendors and data centers.
Collaboration solutions with AI startups are also available.

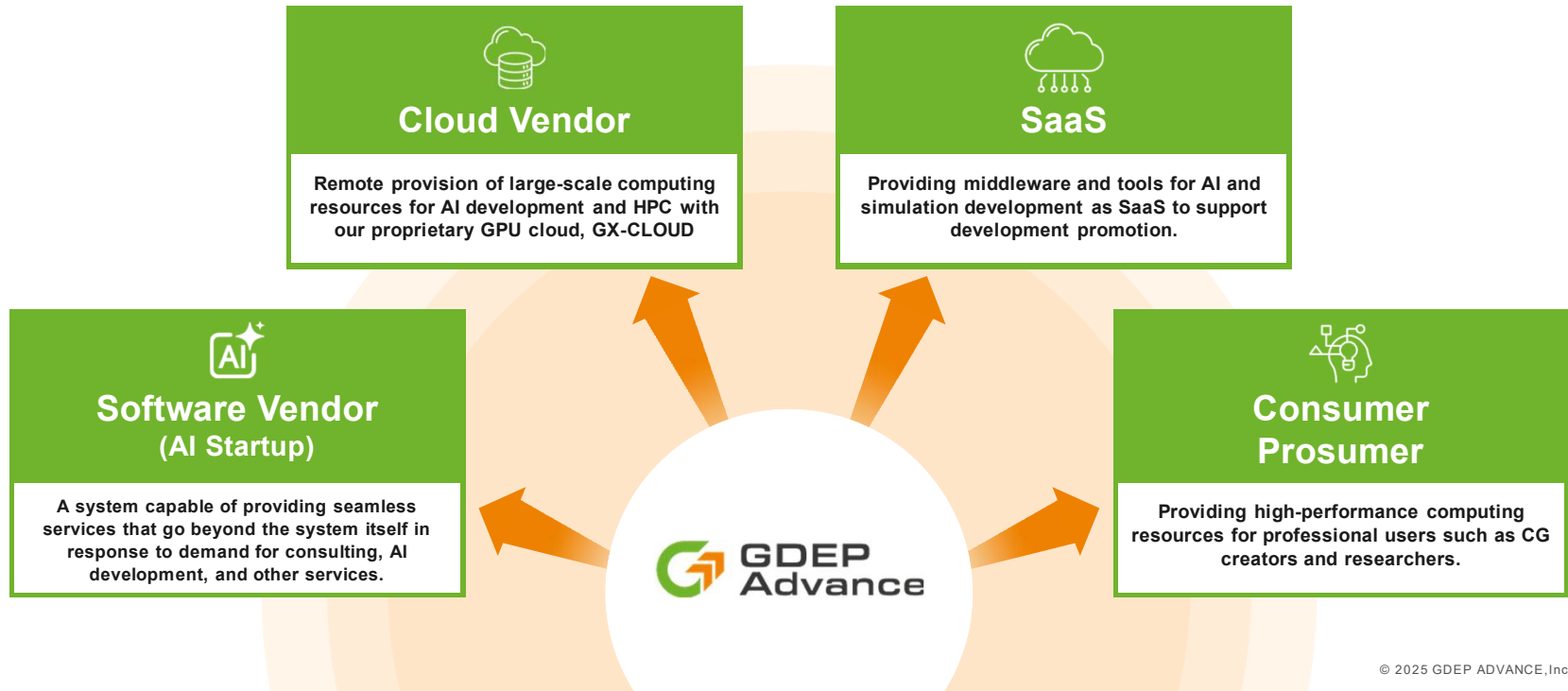


Strengthening the Ecosystem in Line with the era of Large-scale AI



Expansion of Business Domains

We aim to become an “advanced solution vendor” that provides cutting-edge solutions by accelerating growth through entry into new business domains with high affinity and M&A.












Medium-term Management Plan

Numerical Targets

Business Growth

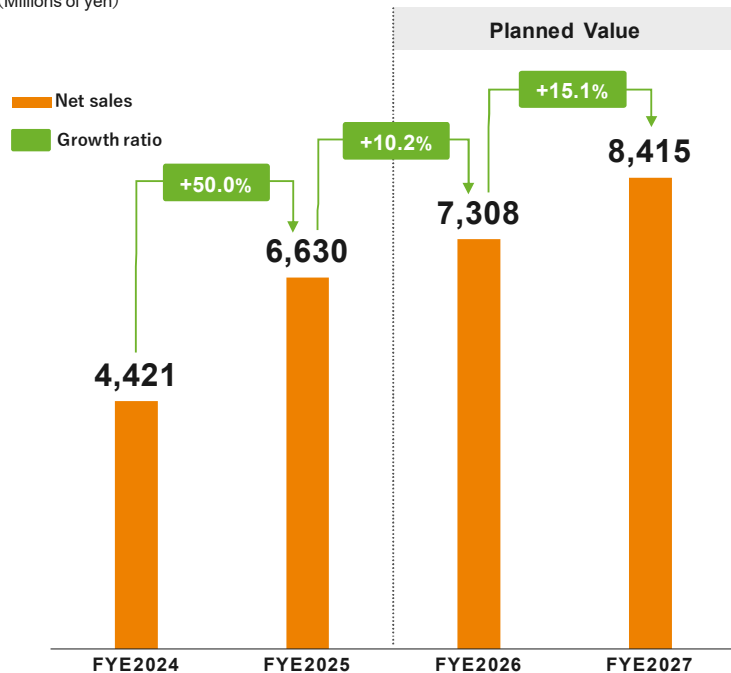
Steadily advancing toward achieving operating income of 1 billion yen in the final year of the medium-term management plan, FYE2027.

(Millions of yen)	FYE2025 (Revision)	FYE2026 (Revision)	FYE2027	After Medium-term Management Plan
	Duration of investment in people and equipment		Investment recovery phase	
Plan	Accelerate top-line growth and aggressively invest in people and equipment.		Accelerate the growth rate of operating income through the results of investments in FYE2025 and FYE2026.	Maintain high growth rate of operating income and increase operating margin.
Net sales	6,630	 7,308	 8,415	
Operating Profit	839	 934	 1,055	
Operating Profit Growth Ratio	26.7%	 11.2%	 13.0%	

Numerical Targets

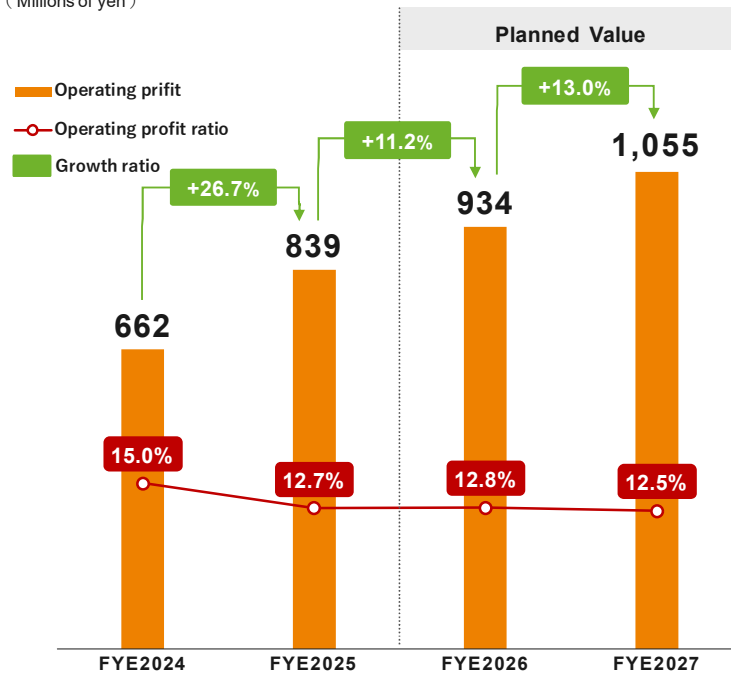
Net sales

(Millions of yen)



Operating Profit - Operating Profit Ratio

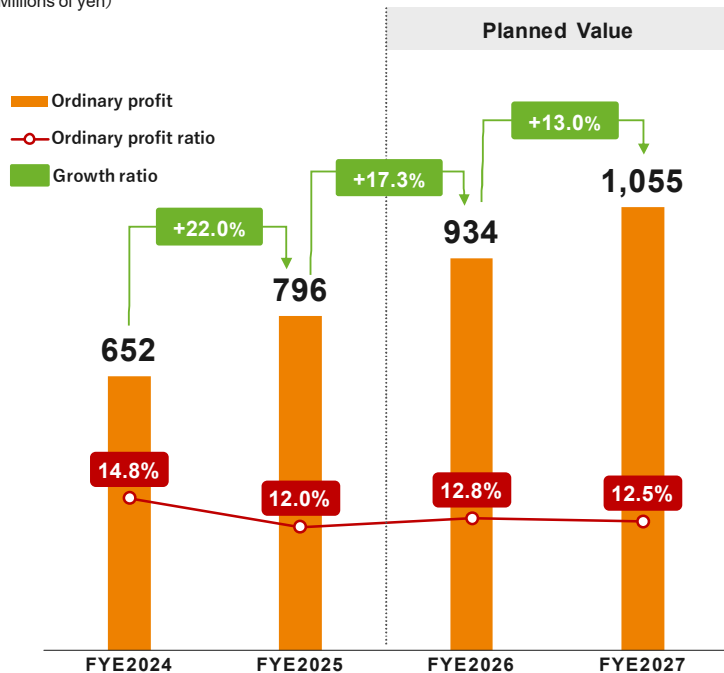
(Millions of yen)



Numerical Targets

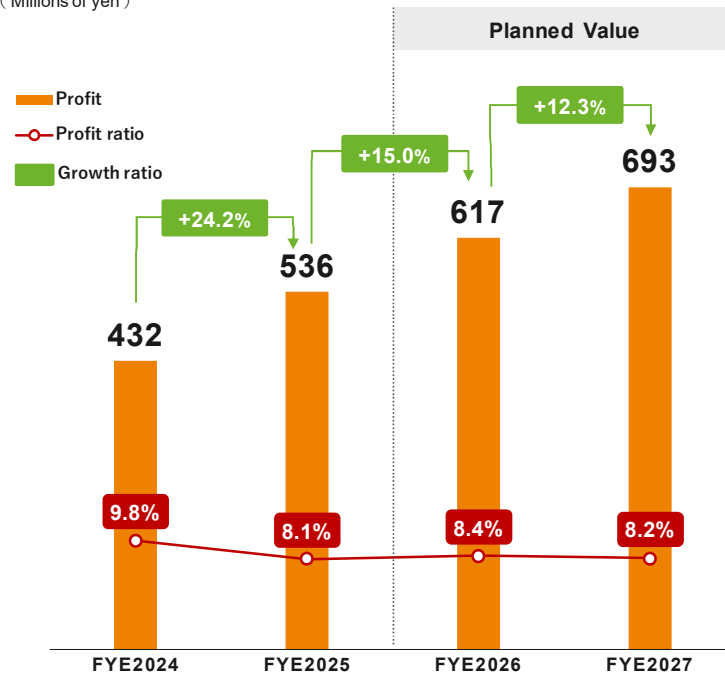
Ordinary Profit·Ordinary Profit Ratio

(Millions of yen)



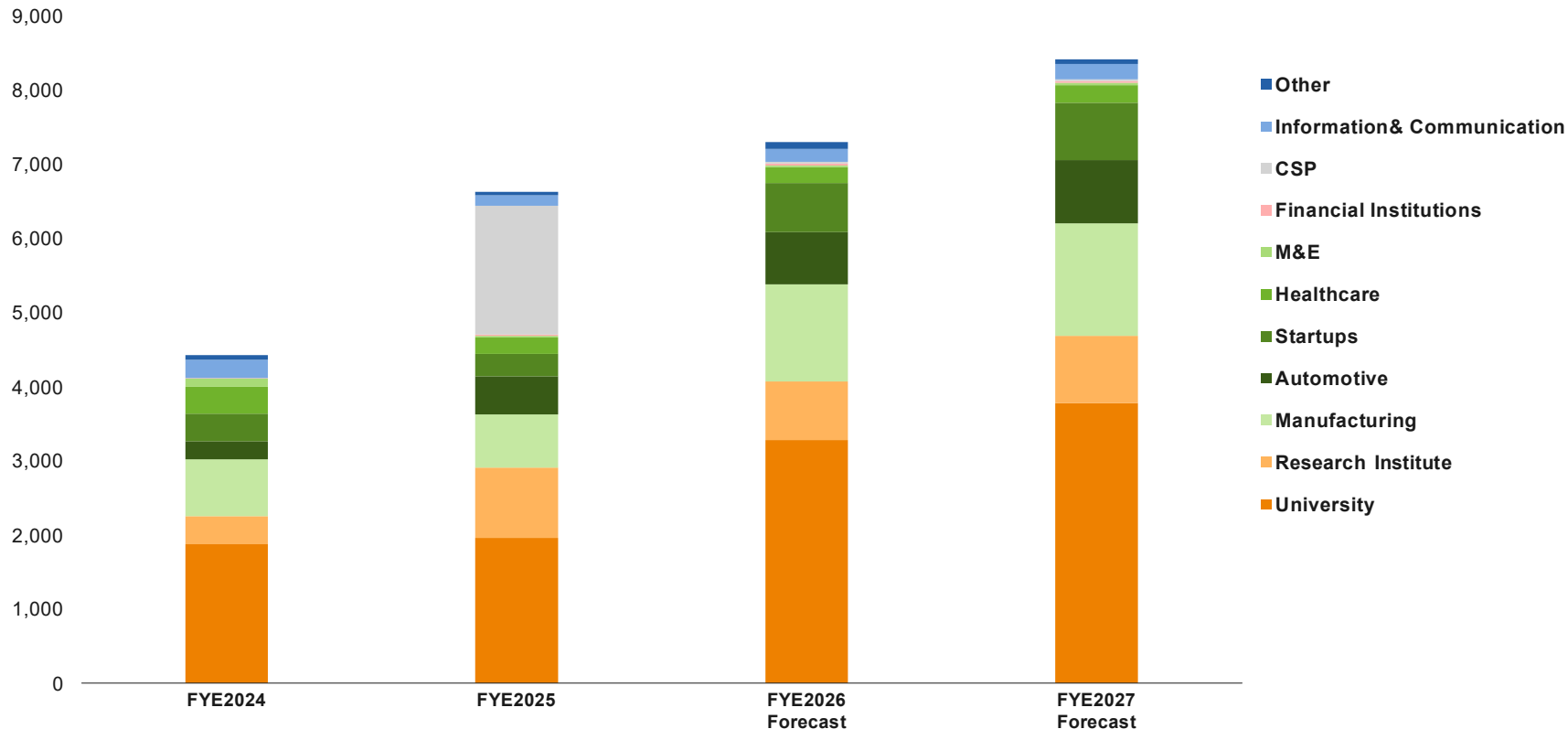
Profit·Net Profit Ratio

(Millions of yen)



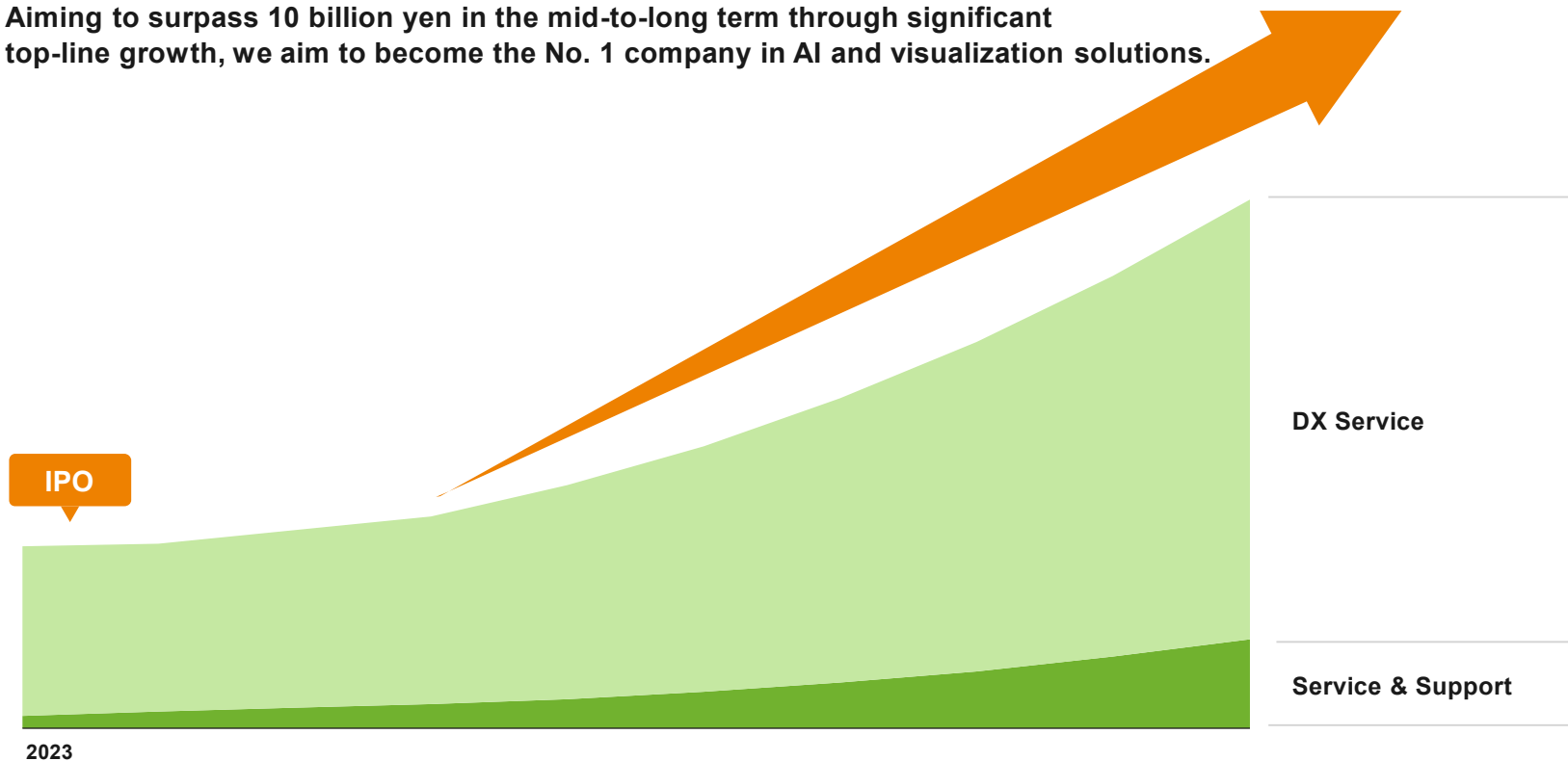
Sales Forecast by Industry

(Millions of yen)



Business Growth Image

Aiming to surpass 10 billion yen in the mid-to-long term through significant top-line growth, we aim to become the No. 1 company in AI and visualization solutions.



— Company Profile

Company Profile

Company name	GDEP ADVANCE, Inc.
	Tokyo Stock Exchange Standard Market Securities code 5885
Establishment	2016/1/15
Representative	Executive Officer, Representative Director and CEO Tadamichi Iino
Location	Sendai Main Office 3-4-33 Kokubun-cho, Aoba-ku, Sendai-shi, Miyagi 980-0803, Japan Sendai Jozenji Bldg. 8F TEL : 022-713-4050 FAX : 022-713-4051
	Tokyo Head Office 1-8-12 Harumi, Chuo-ku, Tokyo 106-6205, Japan Triton Square Office Tower Z, 5F TEL : 03-6803-0620 FAX : 03-6803-0450

Mission / Action Guidelines

Mission

**Advance with you
Let's advance the world.**

Action Guidelines

As members of society, each employee at our company acts with sincerity and high ethical standards.

We contribute to the development of society through our business activities.

We comply with laws and regulations, and respect fairness and transparency.

We base our decisions on what is morally right.

We respect human rights and embrace diversity.

We create the future by reducing environmental impacts and risks.

We are always conscious of our mental and physical health, and aim to create a healthy workplace.

We contribute to the community as a member of society.

We always approach all of our work with pride and responsibility.

We share the same objectives and enjoy our own growth and the growth of the company together.

Board Members



Executive Officer, Representative Director and CEO Tadamichi Iino

1993 Joined TOWAELECTRIC, Inc. 2007 Encountered NVIDIA's GPUs at the Super Computing Conference in Reno, Nevada, and began promoting them in Japan the following year. 2016 Founded our company.



Executive Officer, Director and CFO Tatsuo Ohashi

Certified Public Accountant
After gaining experience in auditing at KPMG AZSA LLC, gained experience in IPO practices at a general company.
2020 Appointed as Director of the Company.



Outside Director Sayaka Kurihara

Attorney at Law
After working for a major law firm in Tokyo, established Sendai Asahi Law Offices. 2021 Appointed as Outside director of the Company.



Outside Director Toru Kamiyama

After working at a securities firm, he engaged in consulting work related to enhancing corporate value. Has served as an outside director for multiple companies. 2025 Appointed as Outside director of the Company.



Standing Corporate Auditor Kunio Yamagata

After engaging in administrative duties such as accounting and finance at NEC, worked as an auditor for several group companies.
2022 Appointed as Standing Corporate Auditor of the Company.



Corporate Auditor Nobuyuki Hoshi

Certified Public Accountant
After working at a financial institution, worked on auditing and IPO support services at a major audit firm.
2016 Established an accounting firm.
2021 Appointed as Auditor of the Company.



Corporate Auditor Toshihiro Fukazawa

Attorney at Law
After working at a law firm in Sendai, established Sendai Kagayaki Law Office in 2022.
2021 Appointed as Auditor of the Company.

Business

Single segment of system incubation business, within which DX services and Service & Support services
DX services mainly provide AI solutions and visualization solutions

System incubation business

DX Service

- Provision of hardware and software
- Provision of hardware operating environment

AI Solution

Provide an AI learning environment system and inference edge devices end-to-end.



Provide

Visualization Solution

Provide systems and software tools for visualization and virtualization, such as the latest XR and Metaverse, as well as CAD, CAE, CG, and other design and design tools.



Provide

Consideration

Consideration

Service & Support

- Maintenance
- Operational Support
- Performance Improvement Support

In addition to system maintenance, perform continuous updates to the development environment to support improvements in overall system performance.



Provide

Consideration

Client

Educational Institutions

Manufacturing

Automotive

Information Communications

Startups

Healthcare

M&E

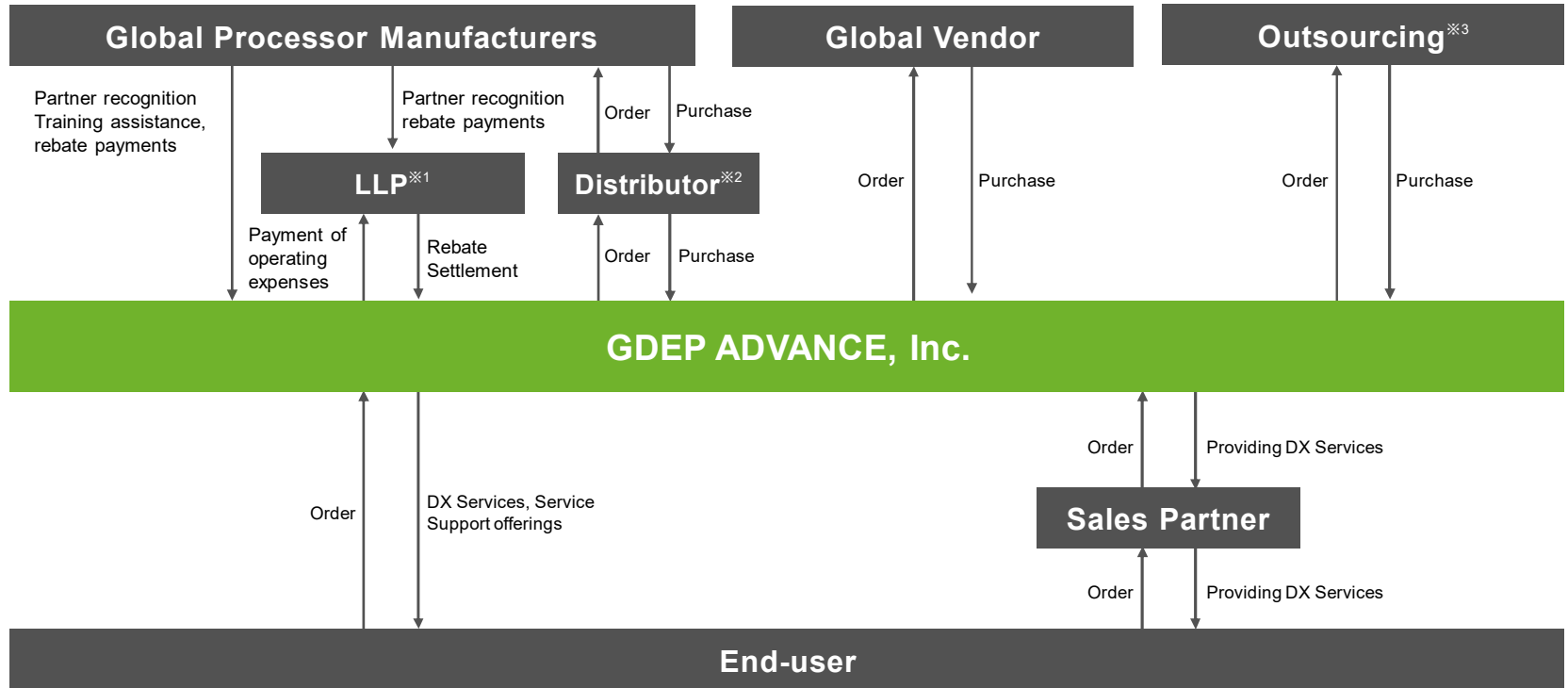
Research Institute

Service Category & Business Models

Among DX services, AI visualization solution services and other DX solution services are flow businesses, while subscription services and Service & Support are stock businesses.

Service Category	Main Services	Business Models
DX Services	AI・Visualization Solution Services <ul style="list-style-type: none"> Providing products and services for developing and operating AI services, and products and services for computer processing using video and images. 	Flow Businesses
	Other DX Solution Services <ul style="list-style-type: none"> Assembly and sales of storage devices, sales and configuration of network equipment, sales of software, and design and construction of systems combining them. 	
	Subscription Services <ul style="list-style-type: none"> In addition to on-premise offerings for in-house use, rental and cloud services are offered as "subscription services". 	
Service & Support	Continuous development environment updates <ul style="list-style-type: none"> Services to improve overall system performance through a combination of software updates and optimal versions. 	Stock Businesses
	Hardware Maintenance <ul style="list-style-type: none"> Provides Q&A, FAQ sharing, fault isolation, on-site support, alternate environment, etc. 	

Business Flowchart



※1 This refers to Japan GPU Computing Limited Liability Partnership. The partnership is certified as a partner by NVIDIA, and receives kickbacks from NVIDIA, which are then distributed to each partner.

※2 We purchase some of our products mainly from domestic distributors that are certified as partners by global processor manufacturers.

※3 We outsource some of our assembly work.

Case Study

INPUT

Issues



InferVision JAPAN
(Chinese medical startup)

Medical imaging diagnosis of COVID-19

- To be used at domestic universities and medical research institutes, we wanted to make it as small, quiet, and power-efficient as possible while maintaining high-speed inference processing performance and high reliability.



OUTPUT

Solution

Edge device for AI inference

Modified base system from Tyan Computer, Taiwan, with a small GPU from NVIDIA.
Obtained NVIDIA's device certification through thorough operation verification.

- Compact, low power consumption and high robustness
- NVIDIA certified to ensure reliability
- Up to 36 times faster than conventional PC inference

Incubation



OUTCOME

Small Mass Deployment

General release in July 2020, adopted for face recognition systems, pedestrian flow analysis, security systems, etc.



Problem Solving Phase

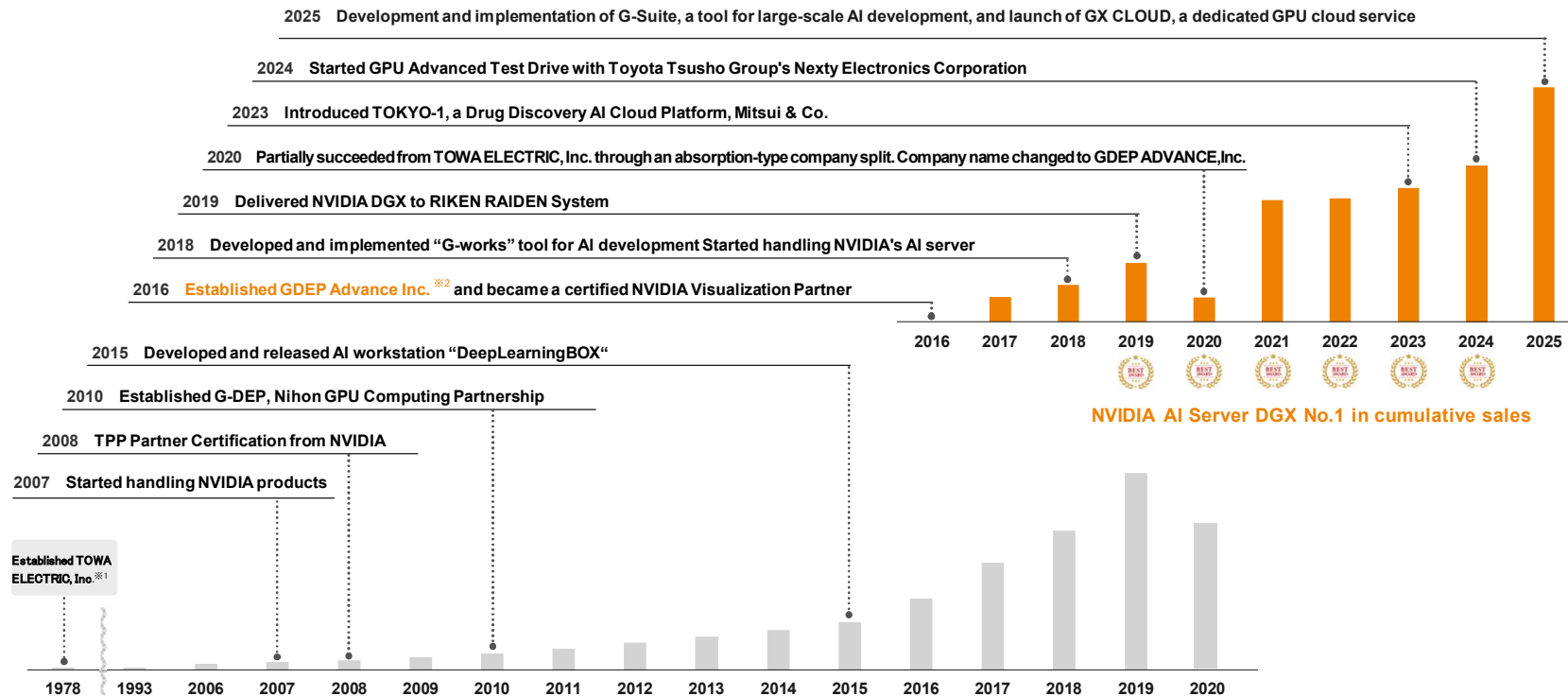
Hear customers' issues, plan, propose, and provide unique solutions using cutting-edge technologies.

※Conscious of small mass deployment

Small Mass Deployment Phase

Deploy the knowledge gained as semi-custom solutions for customers facing similar challenges.

History & Sales Trends



※1 TOWA ELECTRIC, Inc. is our substantial predecessor company.

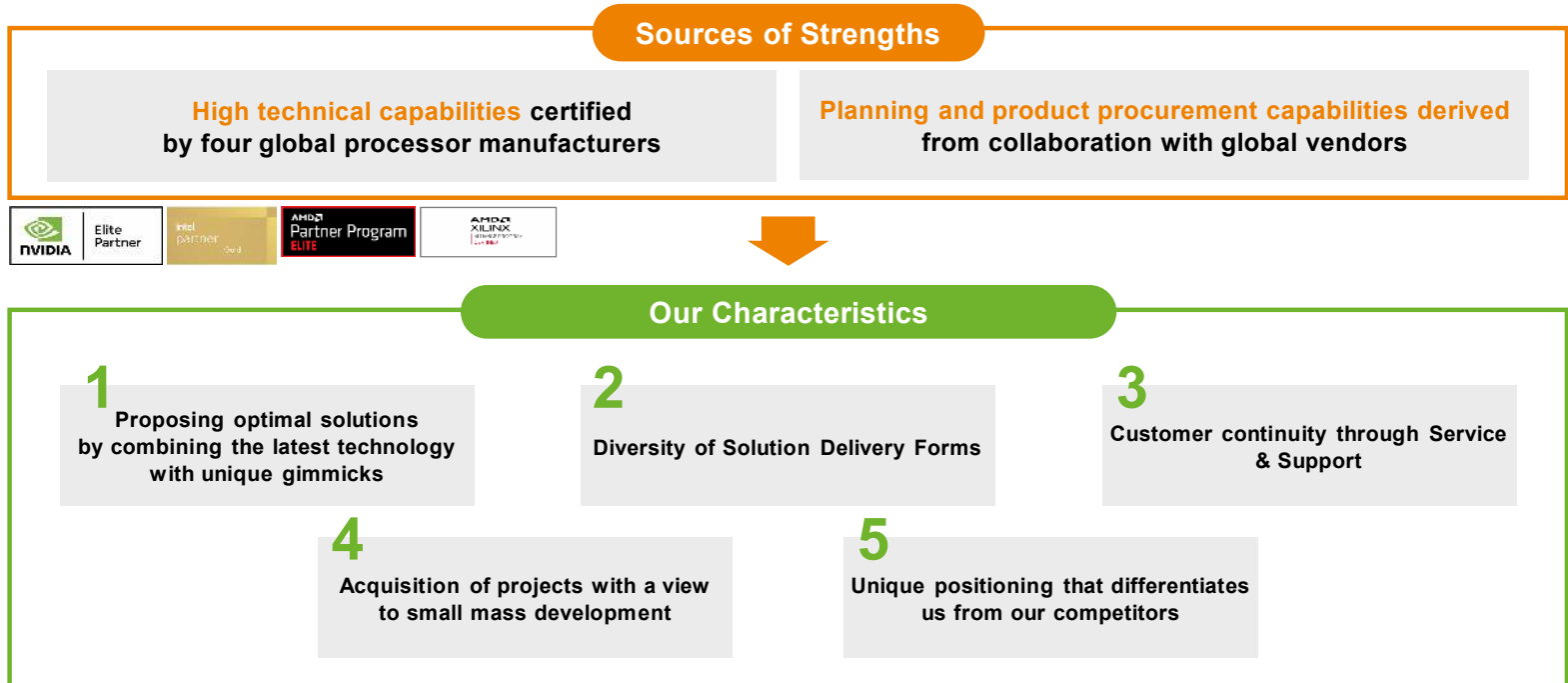
※2 Established as a subsidiary of TOWA ELECTRIC, Inc. mainly to provide NVIDIA's products.

※3 On April 1, 2020, the information and telecommunications business of Towa Electric Co., Ltd. and TOWA ELECTRIC, Inc.'s investment in LLP were subject to an absorption-type company split.

— Our Strengths & Features

Outline of Strengths & Characteristics

High competitive advantage is created by the source of our technological capabilities recognized by four global processor manufacturers, as well as planning and product procurement capabilities derived from our collaboration with global vendors.



High technology certified by four global processor manufacturers

Certifications : **Certifications: 12 types of certifications from 4 global processor manufacturers.**

※We are the only company in Japan that has received certification from these four companies.

Especially NVIDIA is the No.1※partner in Japan with whom we have built a good relationship since 2007.

※Number of certified licenses, AI server DGX sales, number of awards received

認定

NVIDIA Solution Provider NVIDIA AI Preferred※
NVIDIA Solution Provider Compute Elite※
NVIDIA Solution Provider Networking Preferred※
NVIDIA Solution Provider NVIDIA Omniverse Preferred
NVIDIA Solution Provider Visualization Elite
NVIDIA Cloud Partner DGX AI Compute Systems Registered
NVIDIA Solution Provider DGX AI Compute Systems Elite※
NVIDIA Solution Provider DGX Cloud Preferred※
NVIDIA Cloud Partner Visualization Registered

*Certification as an LLP



Awards

FY17 NVIDIA BEST DGX Reseller Award※
FY18 NVIDIA BEST DGX Reseller Award※
FY19 NVIDIA BEST DGX Reseller Award※
FY20 NVIDIA BEST DGX Reseller Award※
XILINX VAR Recognition Program Champion Award
FY21 NVIDIA BEST DGX Reseller Award※
FY22 XILINX VAR Recognition Program Champion Award
NVIDIA BEST DGX Partner of the year※
NVIDIA BEST NPN of the year※
FY23 NVIDIA BEST NPN of the year※
NVIDIA BEST Infrastructure Partner of the Year※
FY24 NVIDIA Solution Provider Award of the Year※
FY25 NVIDIA Solution Provider Award of the Year

※ Awarded as LLP

Received awards every year for
our technical capabilities,
proposals, and achievements



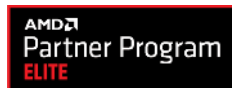
intel® Technology Provider GOLD



XILINX® ALVEO Value Added Reseller



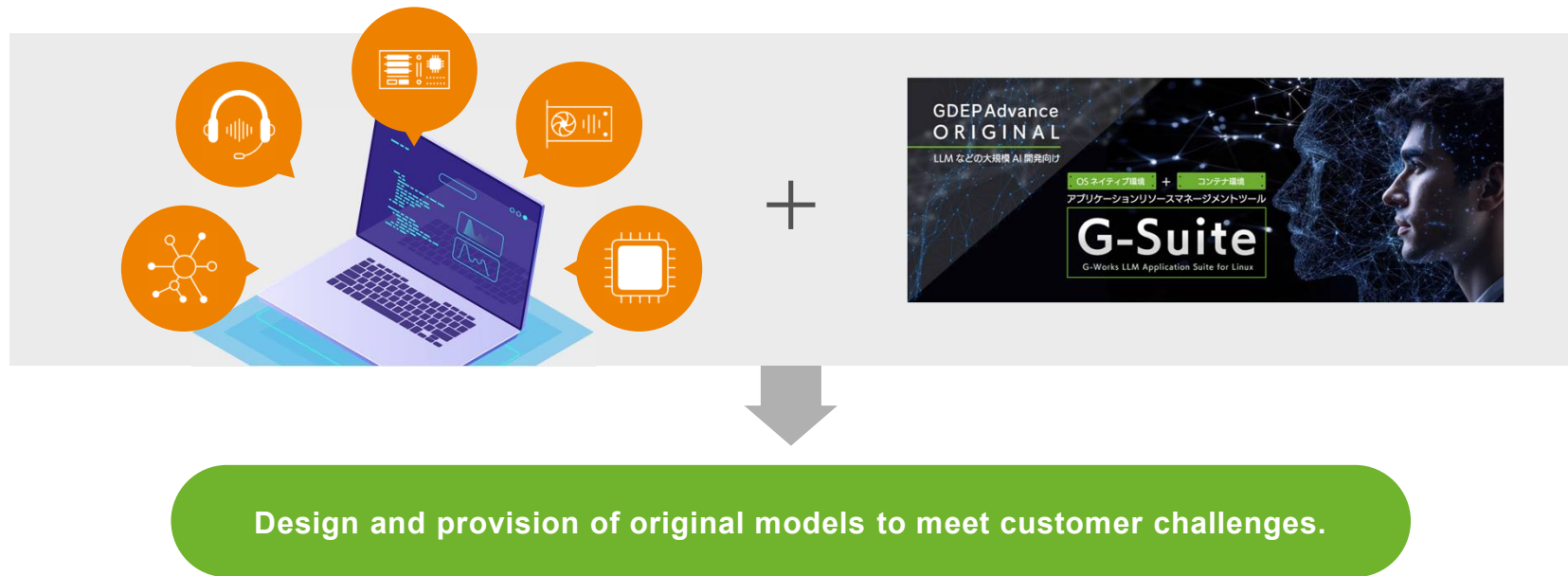
AMD® Elite Partner



1 Proposing optimal solutions by combining the latest technology with unique gimmicks

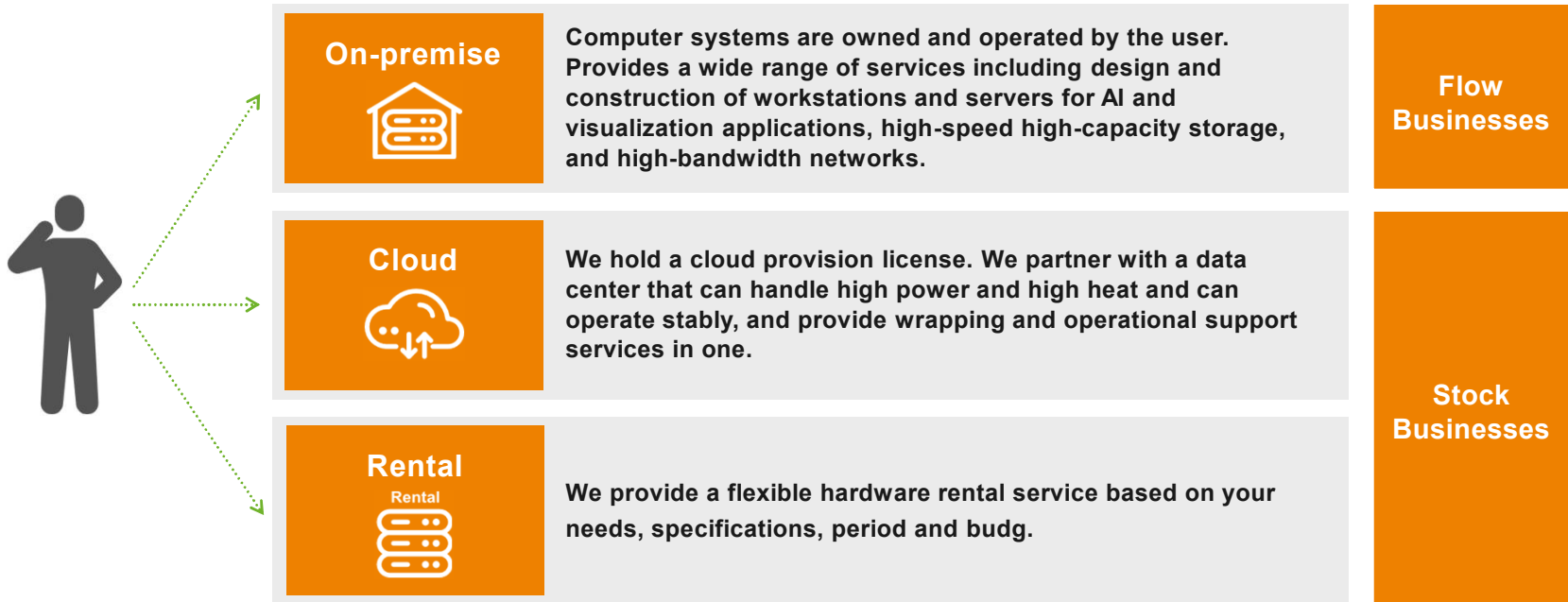
Combining the latest technologies and adding unique gimmicks to them through our technical capabilities as a certified partner of four global processor manufacturers and close information sharing with global vendors.

Design and propose the best solutions to solve customer issues.



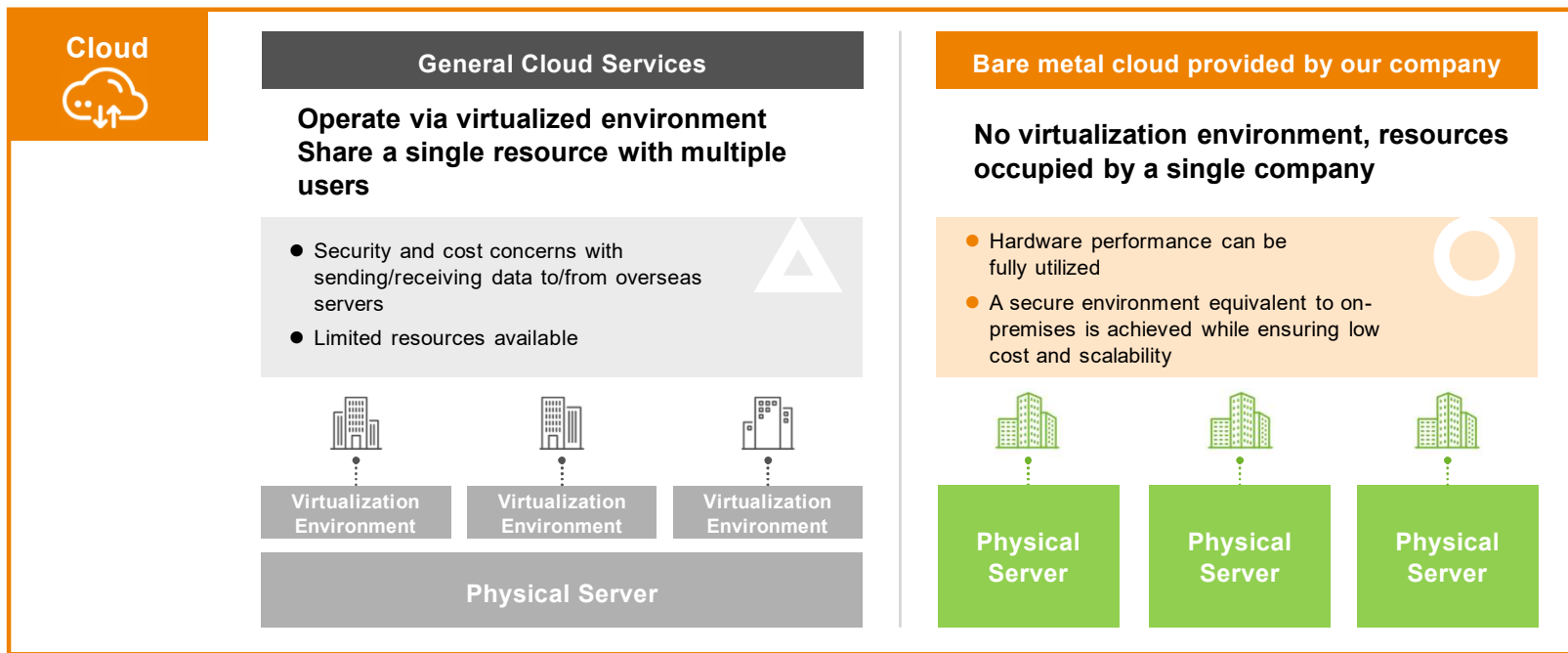
2 Diversity of Solution Delivery Forms (1/2)

A flexible delivery format that can respond to diverse customer needs, not only for on-premise flow business, but also for cloud and rental services, which are stock businesses.



2 Diversity of Solution Delivery Forms (2/2)

The cloud provided by our company uses cutting-edge hardware not available from major companies, and provides services using the bare metal method※. This increases customer convenience and establishes a strong competitive advantage as a cloud for development.



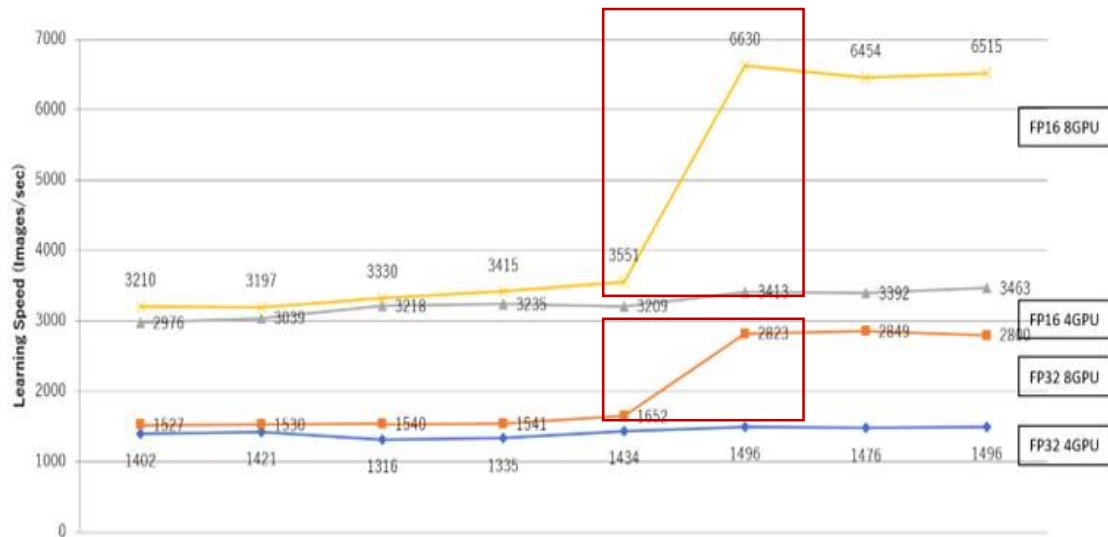
3 Customer continuity through Service & Support

Continuously updating your system to the **optimal environment** by verifying changes in performance through software tuning on actual equipment.

Continuously improving system performance without changing the hardware.

Improvement of post-implementation usage value (user experience) .

Improve overall system performance by performing software tuning, which is the process of finding optimal values by updating software and combining versions from different generations.



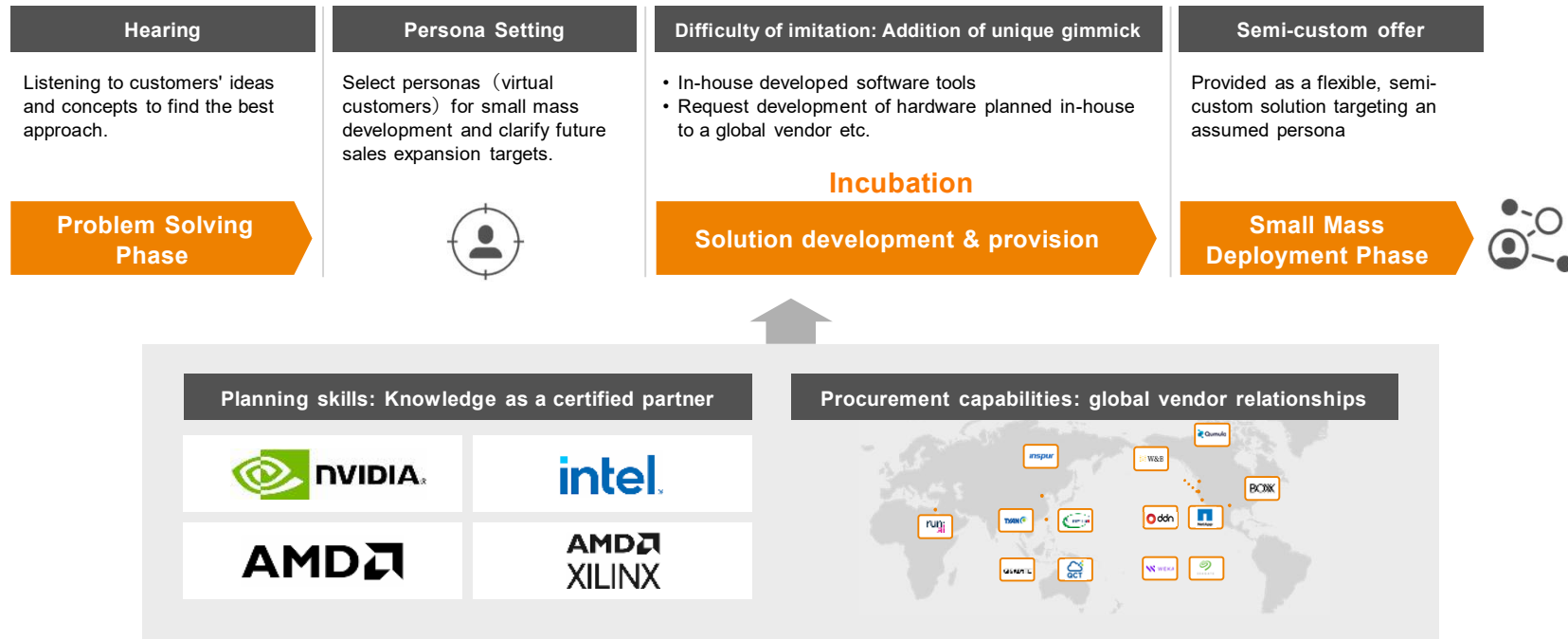
It is mainly used for R&D, and the speed of evolution and trend changes is fast.

AI development environments are our specialty.

4 Acquisition of projects with a view to small mass development

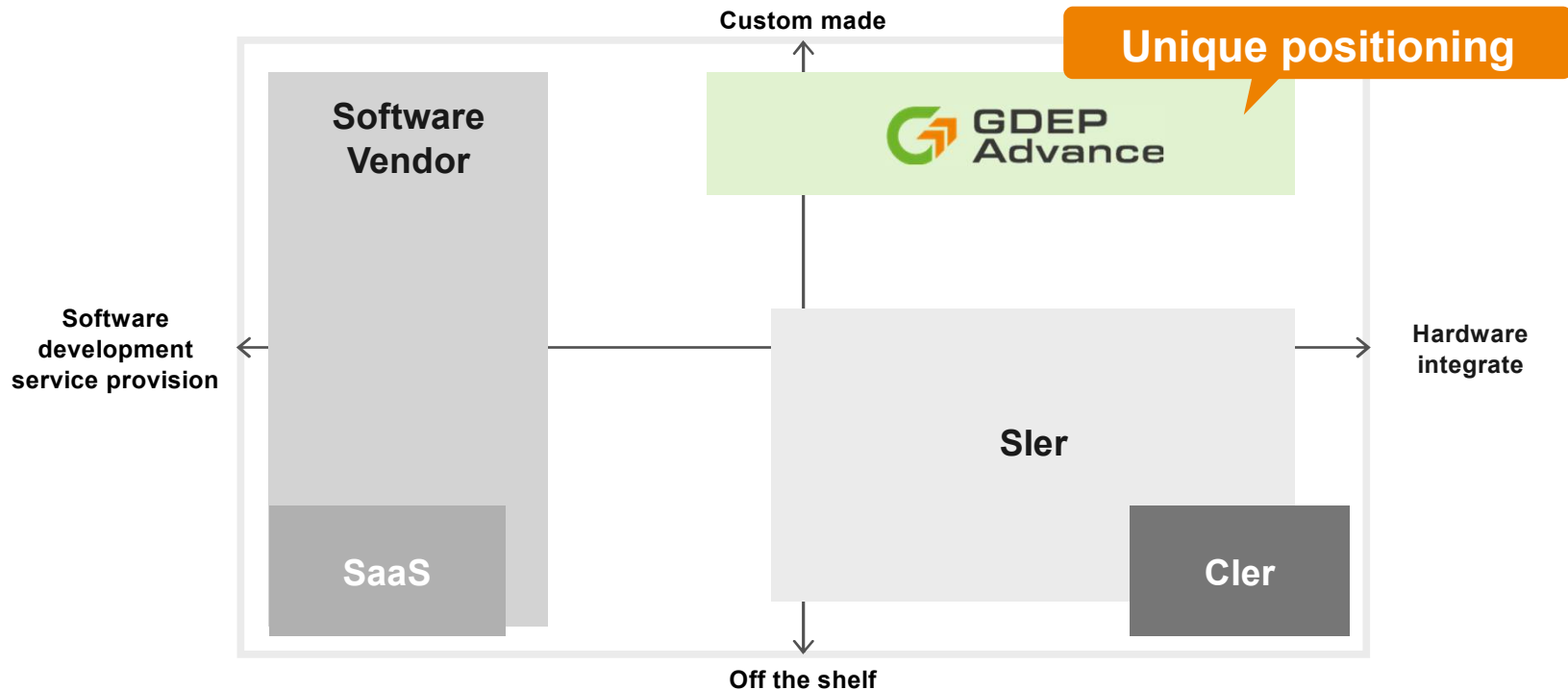
Develops solutions that can be deployed in small masses by solving individual problems.

High profitability in small mass market by adding unique gimmicks and increasing the difficulty of imitation.



5 Unique positioning that differentiates us from our competitors

Flexible solution provider with strong knowledge of cutting-edge hardware.



Glossary

Definitions of terms are given below.

Terms	Definition of Terms
AI	An abbreviation for “artificial intelligence”, it refers to a computer system that performs intelligent actions like humans, such as learning, reasoning, recognizing, and judging.
CAD	Computer Aided Design Design and drafting using a computer.
CAE	Computer Aided Engineering The use of computers to design and engineer industrial products.
GAT	A PoC environment provision service that allows users to occupy and test NVIDIA DGX systems accelerated by the latest ultra-fast GPUs. This service is provided jointly by NEXTY Electronics Corporation and our company with the aim of supporting end-to-end AI development in the mobility industry in Japan.
M&E	Abbreviation for Media & Entertainment.
Edge Device	A terminal device used in the IoT. IoT refers to systems that connect everything to the Internet and interlock with each other.
On-premise	Ownership and operation of the computer system by the user.
Virtualization	A technology for pseudo-dividing physical resources of hardware.
Global processor manufacturer	NVIDIA, Intel, AMD, and other major global semiconductor companies.

Glossary

Definitions of terms are given below.

Terms	Definition of Terms
Global Vendor	Hardware and software vendors from around the world.
Visualize	A generic term for technologies for visualization and visualization, including XR and metaverse.
Subscription	A system of periodic payments for services available for a fixed period of time.
Inference	It refers to the process of using AI models built through AI learning to make predictions and inferences.
Bare Metal Method / Bare Metal Cloud	A system in which physical servers are used in the cloud without virtualization.
Workstation	Computers that are more powerful than ordinary PCs with specialized performance for use in computing, drawing, and other applications.

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