

FYE2027 1Q

Supplementary Materials on Financial Results



GDEP ADVANCE, Inc.



Both net sales and operating profit expanded significantly YoY.

Net Sales

1,541 million yen

YoY change

+62.5%

Progress rate vs. full-year
forecast

17.4%

Operating Profit

406 million yen

YoY change

+143.7%

Progress rate vs. full-year
forecast

32.1%

Net Sales

- Impact of projects expected in 2Q being recorded in 1Q

Operating Profit

- Strong sales of high value-added solutions from PoC to the middle layer, and of short-lead-time models
- In addition to the effect of higher sales, the high gross profit margin covered the increase in SG&A expenses due to personnel and outsourcing costs

Shareholder Returns

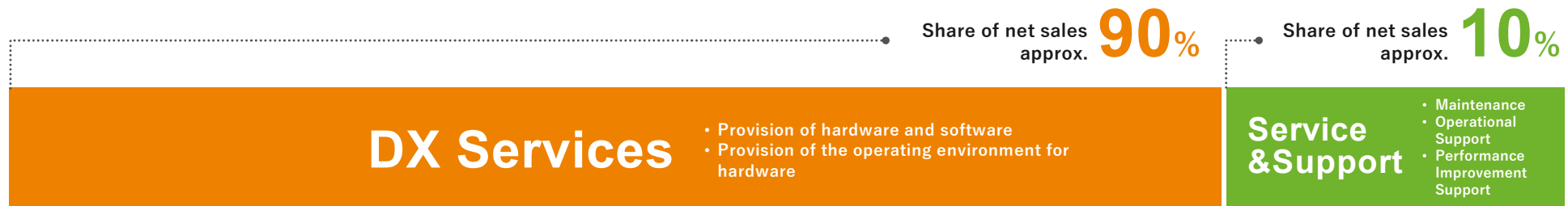
- Decided to pay an interim dividend (Interim: 16 yen, Year-end: 32 yen)

**Turning the world's most advanced technology into solutions,
we support AI development from PoC to full-scale operation**



Certified Partner of Global Processor Manufacturers

From PoC to implementation and operation, we provide end-to-end solutions to customer challenges



DX Services

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

Service & Support

- Maintenance
- Operational Support
- Performance Improvement Support

AI Solutions

AI training environment systems and inference edge devices provided end-to-end



Visualization Solutions

Provision of systems and software tools for visualization and virtualization, such as the latest XR and metaverse, and for design, such as CAD, CAE and CG



Other Solution Services

Design and construction of wide-bandwidth networks, high-speed storage, etc. to improve total system performance



Subscription Services

Flexible provision of cutting-edge devices via rental or cloud, tailored to project timelines and budgets



In addition to system maintenance, continuously updates the development environment to help improve overall system performance



Flow Business

Stock Business

Table of Contents

1. FYE2027 1Q Financial Results Overview

2. FYE2027 Earnings Forecast

3. APPENDIX

- **Market Analysis**
- **Growth Strategy**
- **Medium-Term Management Plan Numerical Targets**
- **Company Overview**
- **Our Strengths and Characteristics**

FYE2027 1Q Financial Results Overview

FYE2027 1Q Financial Results Overview

1Q net sales were strong, partly as some 2Q projects were brought forward.
High value-added projects and short-lead-time models drove gross profit growth.

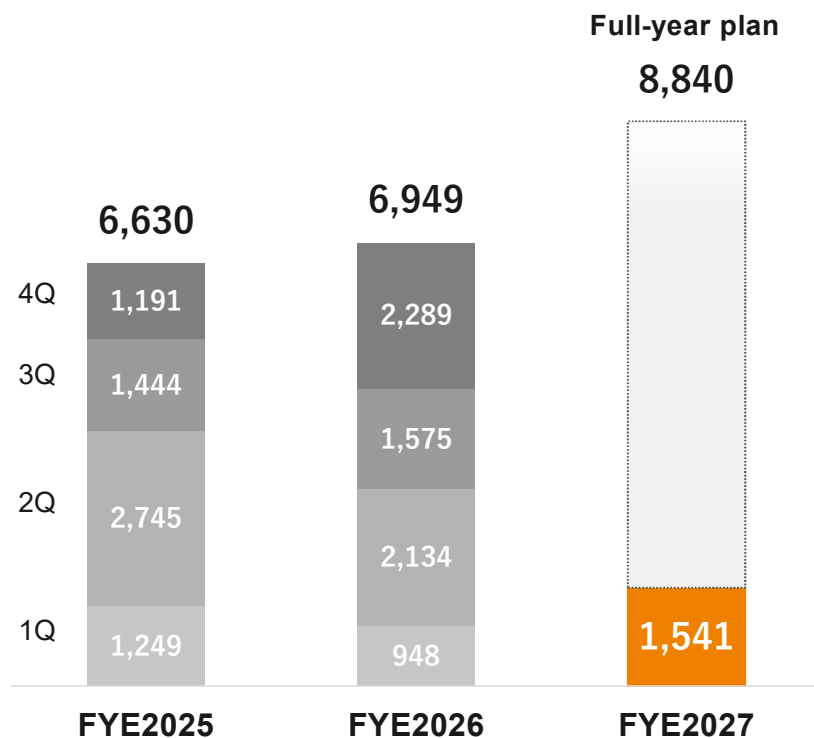
(Millions of yen)	FYE2026 1Q		FYE2027 1Q		YoY Change	
	Actual	% of Sales	Actual	% of Sales	Change	% Change
Net Sales	948	—	1,541	—	+593	+62.5%
Gross Profit	302	31.8%	553	35.9%	+250	+83.0%
SG&A Expenses	135	14.2%	146	9.5%	+11	+8.1%
Operating Profit	166	17.6%	406	26.4%	+239	+143.7%
Ordinary Profit	198	20.9%	412	26.7%	+214	+108.1%
Profit	135	14.3%	274	17.8%	+138	+102.1%

Quarterly Trends in Net Sales and Operating Profit

Both net sales and operating profit reached record highs for a 1Q period.

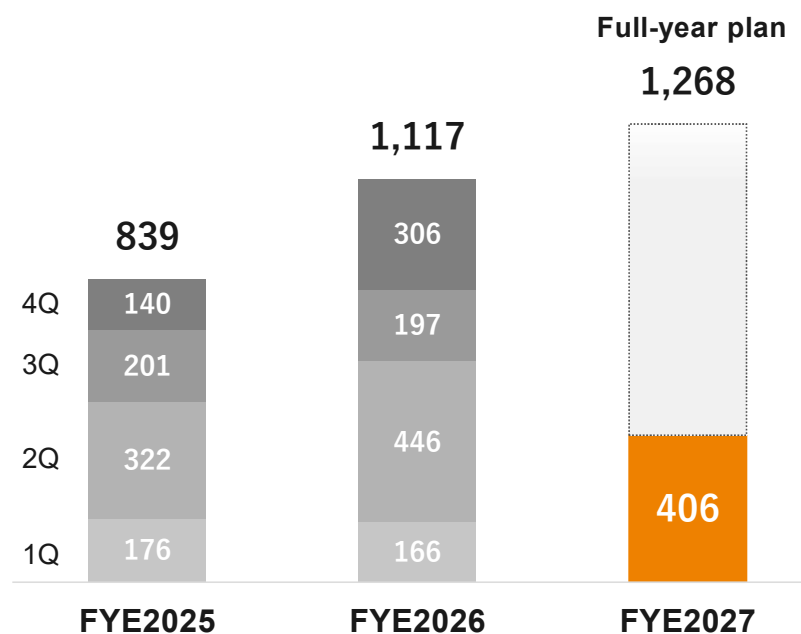
Net Sales

(Millions of yen)



Operating Profit

(Millions of yen)



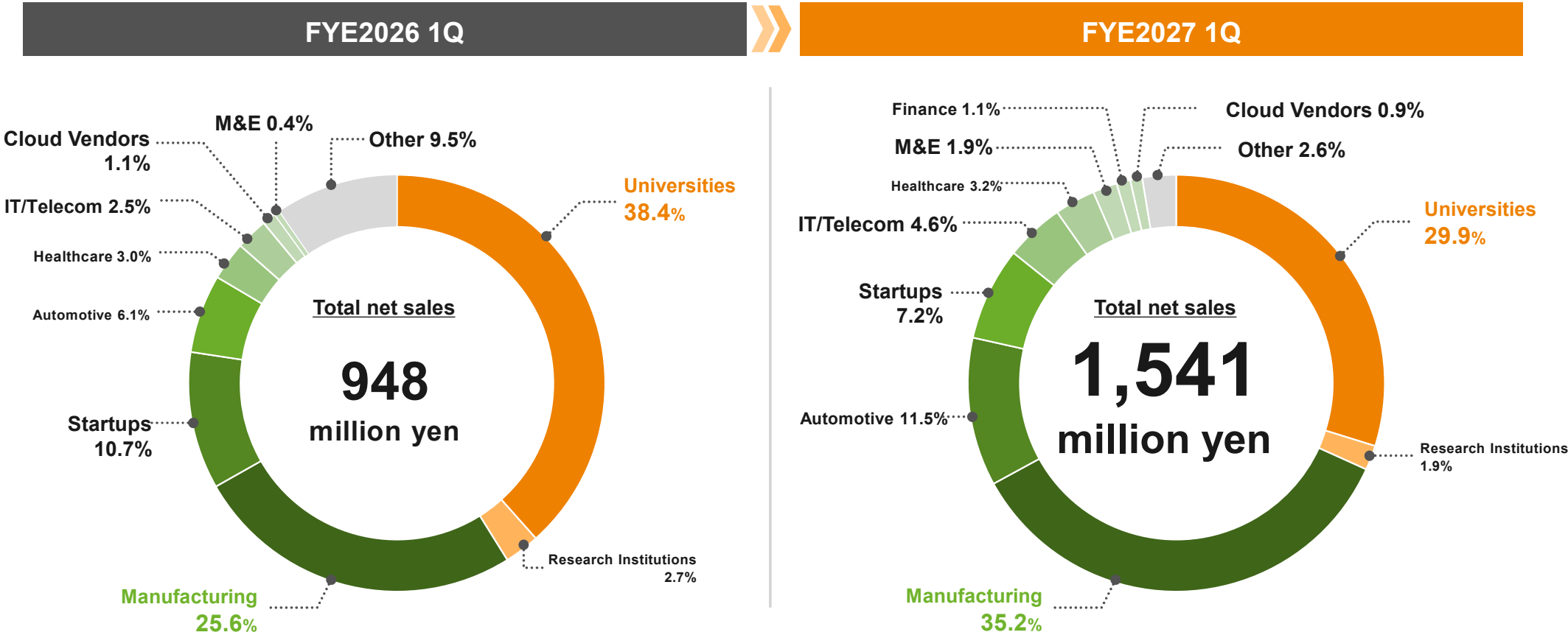
Progress Rate vs. Full-Year Earnings Forecast

Maintaining the strong start, we aim to achieve the full-year earnings forecast.

	FYE2027 1Q		FYE2027 Full-Year Earnings Forecast		Progress rate
	Actual	% of Sales	Forecast	% of Sales	
(Millions of yen)					
Net Sales	1,541	—	8,840	—	17.4%
Operating Profit	406	26.4%	1,268	14.4%	32.1%
Ordinary Profit	412	26.7%	1,268	14.4%	32.5%
Profit	274	17.8%	829	9.4%	33.1%

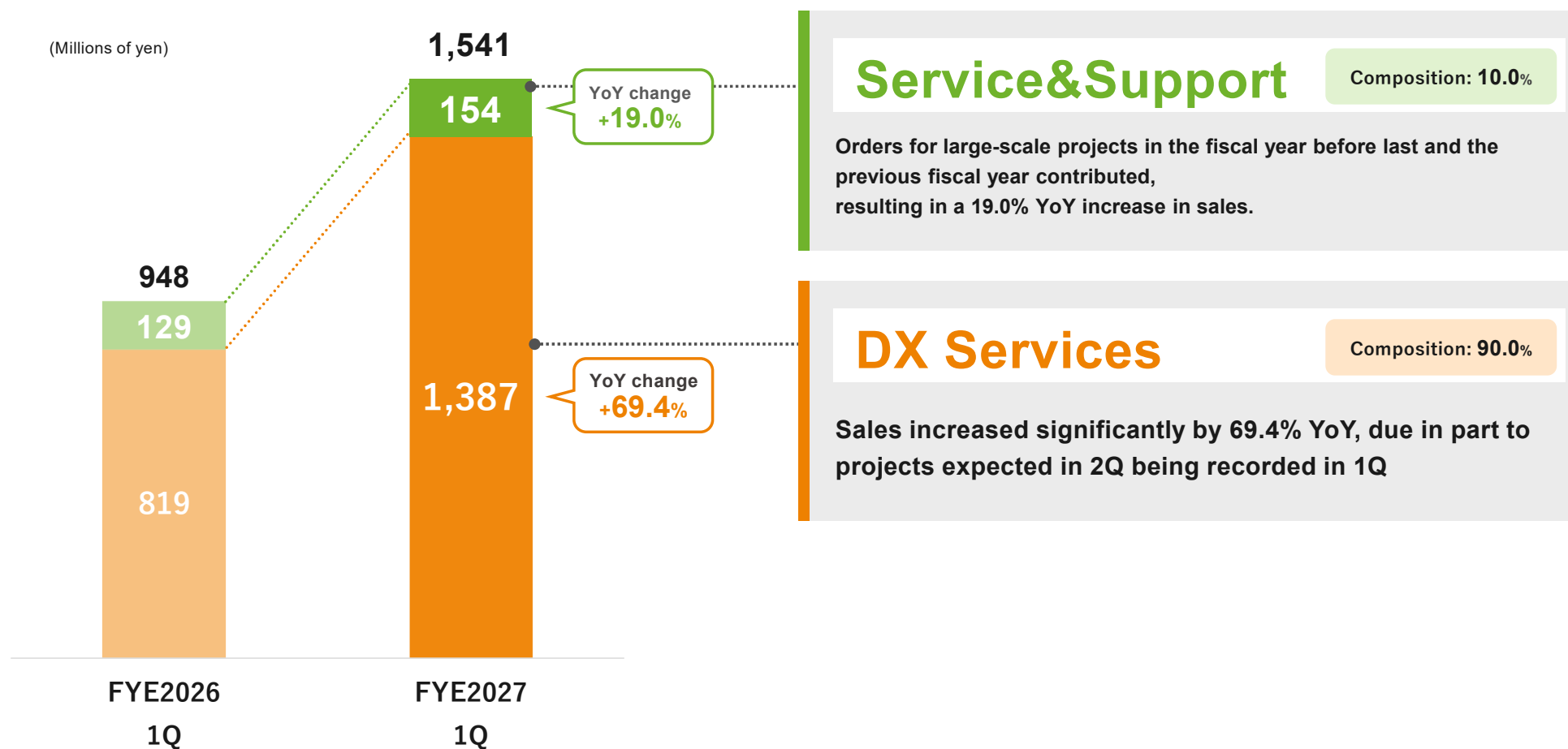
Net Sales by Industry

Sales to the manufacturing industry, a key focus area, progressed steadily.



Net Sales and Composition by Service Category

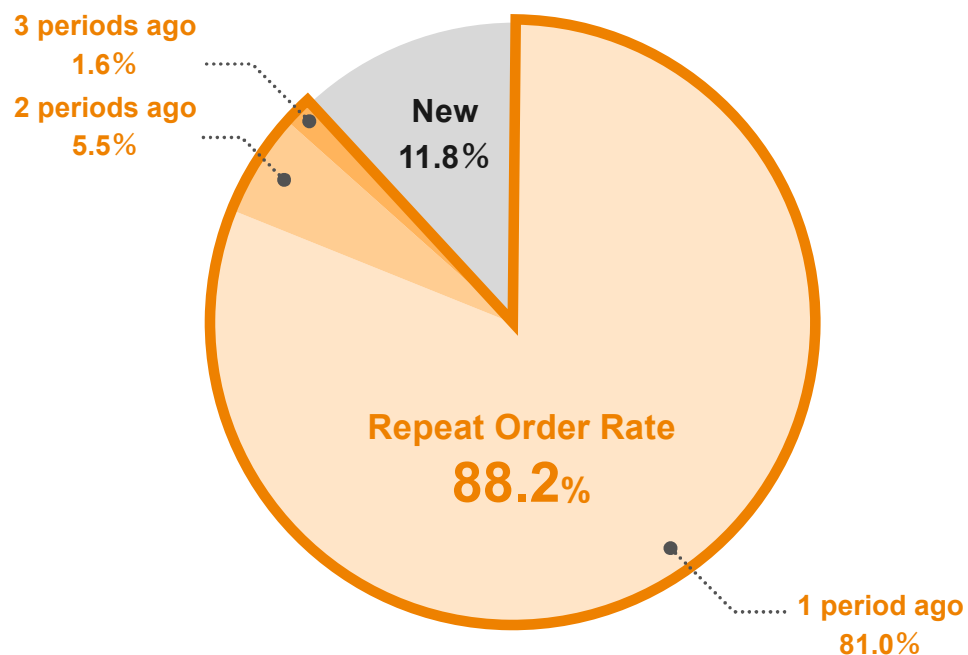
DX Services account for 90% of sales. Both services performed well.



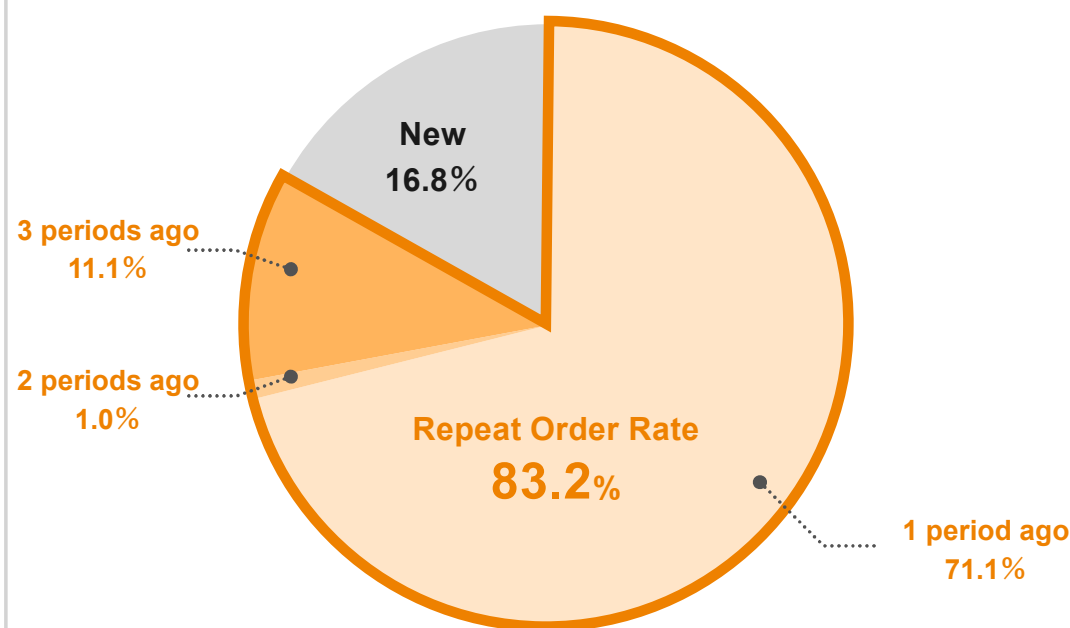
Repeat Order Rate in Customer Composition

Over 80% of flow sales were repeat orders; a high retention rate was maintained

FYE2026



FYE2027 1Q



For customers with sales in the current period

※ Sales from 1 period ago refer to sales to customers for which sales were also recorded in period N-1 (including cases where sales were recorded in period N-2 or earlier)

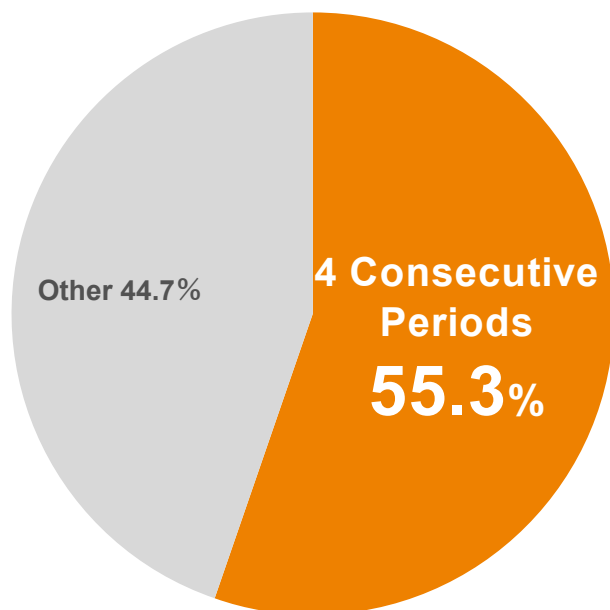
※ Sales from 2 periods ago refer to sales to customers for which sales were not recorded in period N-1 but were recorded in period N-2 (including cases where sales were recorded in period N-3)

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

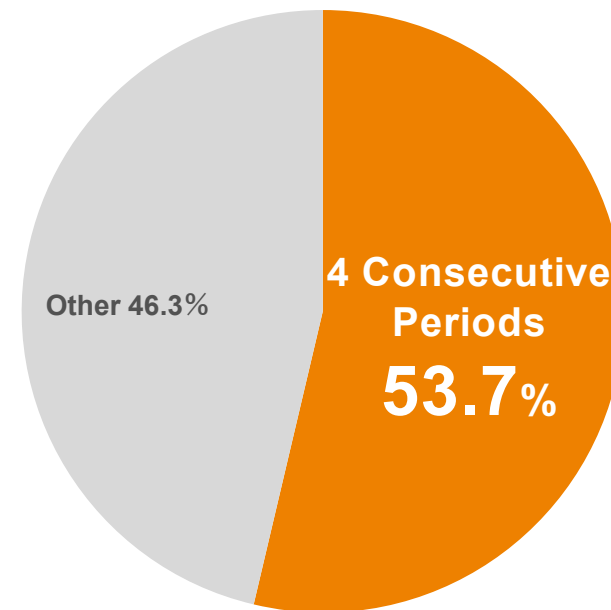
Customer Retention Rate

Customers with 4 consecutive periods of transactions account for over 50%, continuing to form a solid customer base

FYE2026



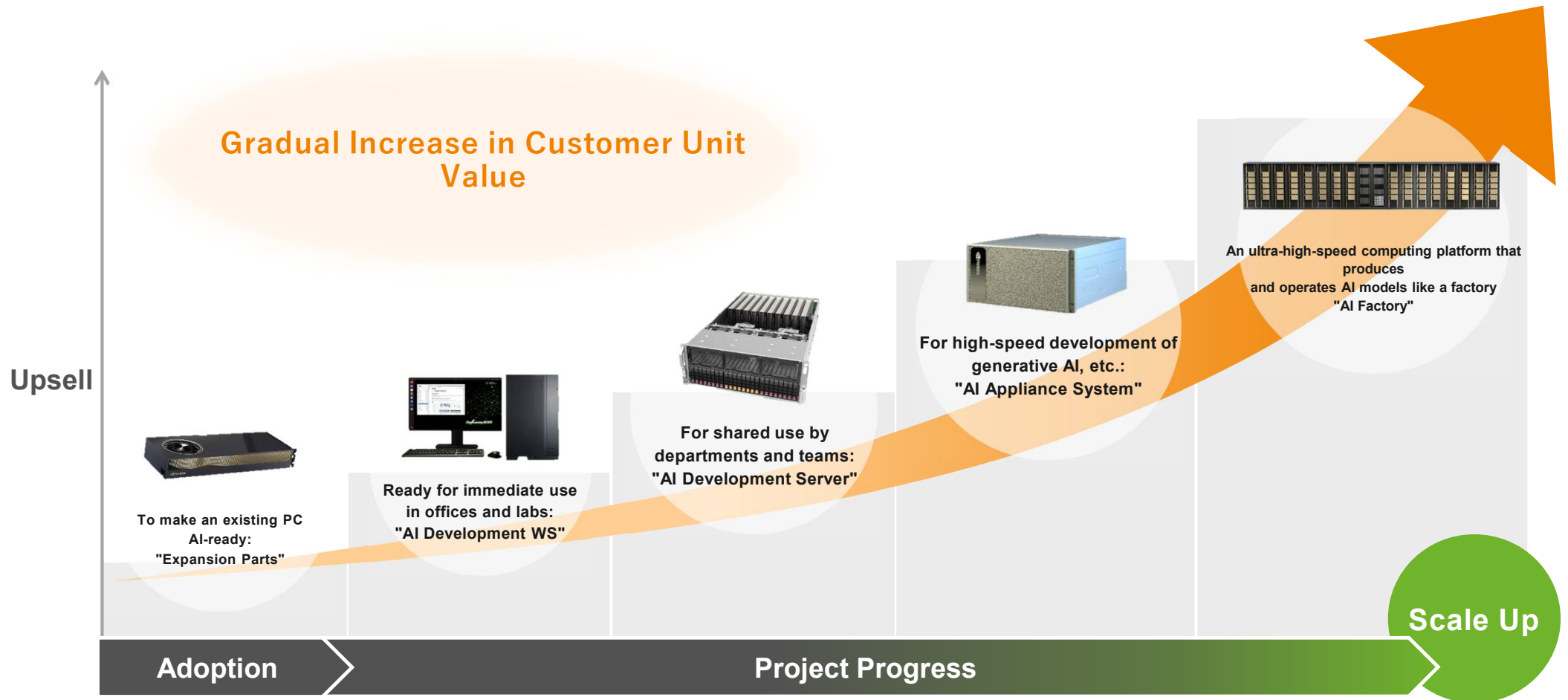
FYE2027 1Q



※ Excludes sales from a spot large-scale project exceeding 1 billion yen recorded in the previous fiscal year.

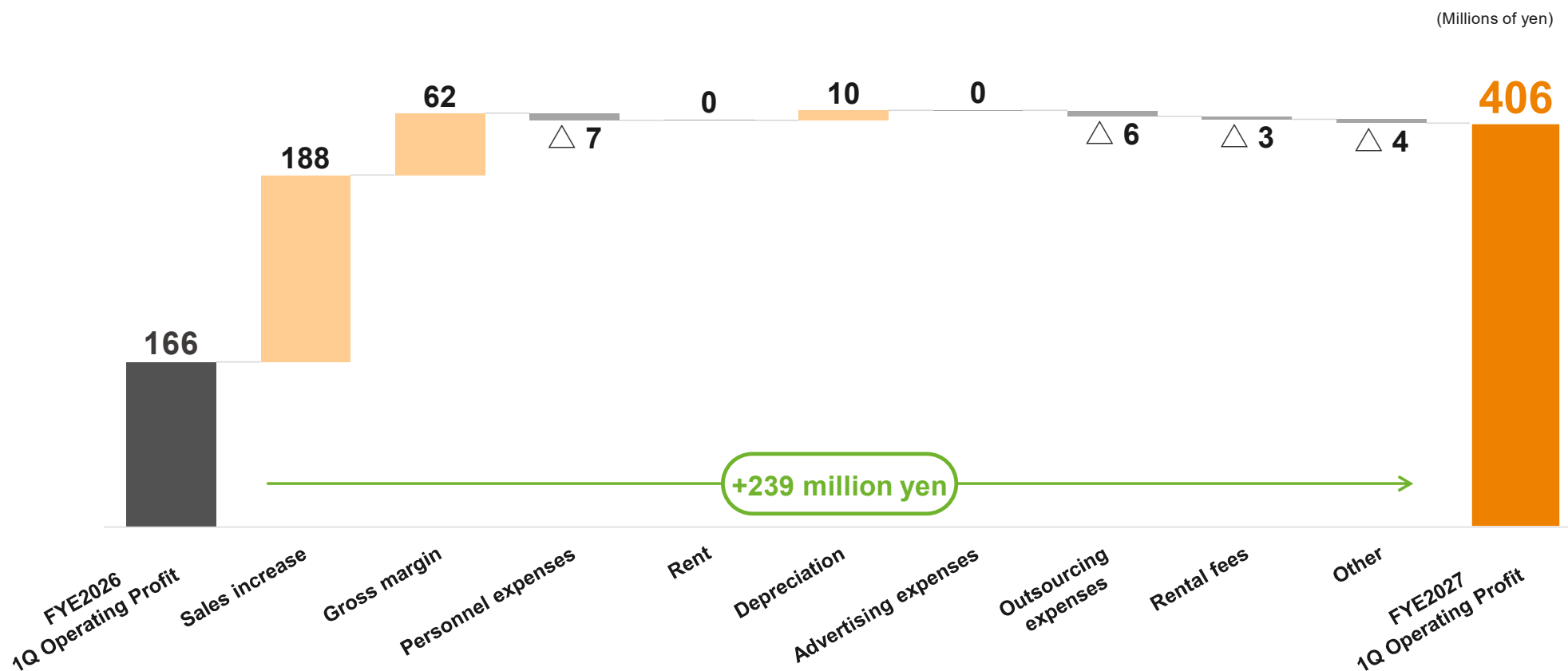
Strengths Supporting High Customer Retention

With the capability to always provide the latest architecture and exceptional CX, we work alongside customers from PoC to full-scale operation



Operating Profit Analysis of Changes

Net sales rose significantly compared with 1Q of the previous year
Cost increases were limited, substantially boosting operating profit



Balance Sheet

(Millions of yen)	FYE2026 End	FYE2027 1Q	Change	% Change
Current Assets	5,610	5,730	+120	+2.1%
Cash and Deposits	1,771	1,487	△284	△16.1%
Merchandise	2,025	2,053	+28	+1.4%
Non-current Assets	183	187	+4	+2.4%
Total Assets	5,793	5,918	+124	+2.1%
Current Liabilities	1,425	1,545	+119	+8.4%
Non-current Liabilities	832	801	△30	△3.6%
Total Liabilities	2,257	2,347	+89	+4.0%
Total Net Assets	3,535	3,570	+34	+1.0%
Total Liabilities and Net Assets	5,793	5,918	+124	+2.1%
Equity-to-asset ratio	60.9%	60.1%	△0.7pt	—
Interest-bearing debt	—	—	—	—

FYE2027 Earnings Forecast

Current Situation

Negative

- Across-the-board price surges and supply constraints for IT materials and components, spanning memory, storage, CPUs, etc.
- Concerns over deteriorating performance of domestic companies due to the situation in the Middle East (spillover to crude oil prices and supply chains)

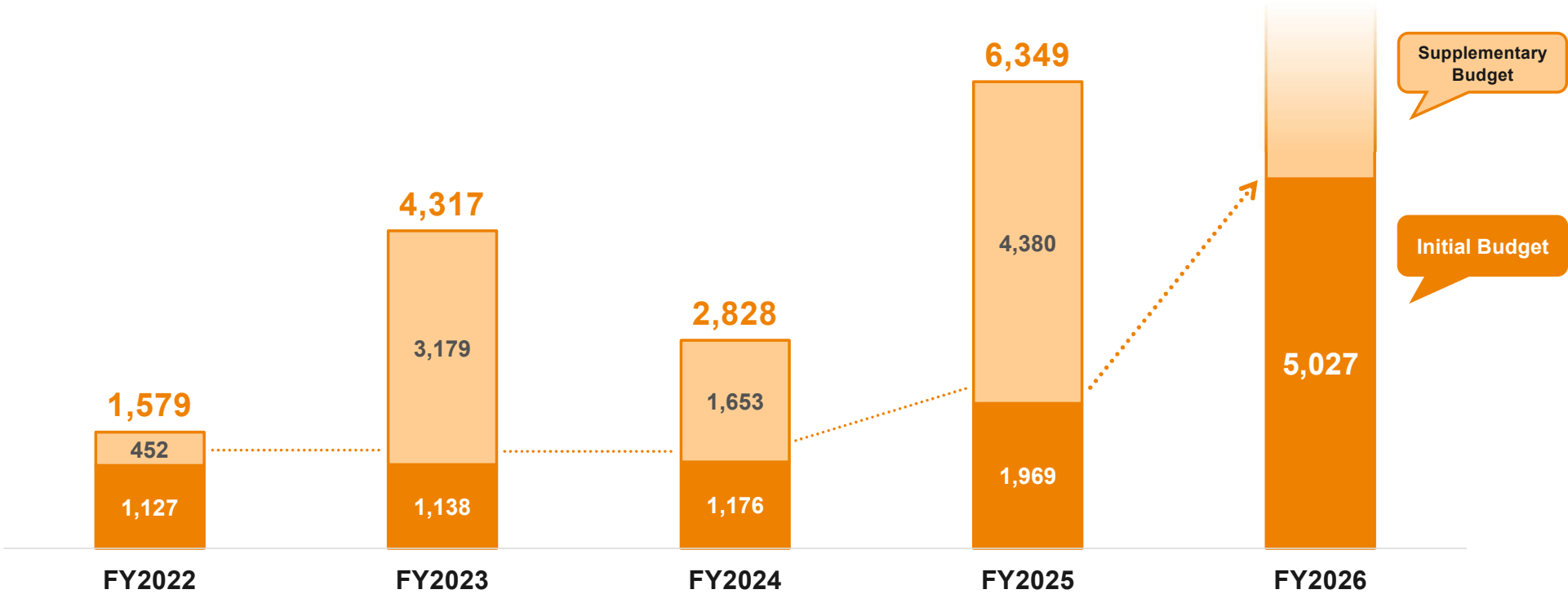
Positive

- Strong tailwinds at the national strategy level and fundamental changes in demand structure: public investment exceeding 10 trillion yen over 7 years
- Growing on-premises opportunities in physical AI, inference, etc.: latency, data sovereignty and cost optimization
- FY2026 AI-related budget of 502.7 billion yen; including the supplementary budget, expected to reach a record high of over 700 billion yen

The government's AI-related budget is set to keep growing, centered on the initial budget.

Trends in Government AI-Related Budget

(100 millions of yen)



※ Source: Cabinet Office, "Trends in AI-Related Budget (FY2017–FY2026)"

FYE2027 Full-Year Earnings Forecast

Plans a 27.2% sales increase, driven by more large-scale projects and upselling.

Despite lower margins from a changing sales mix, operating profit is expected to grow 13.6%.

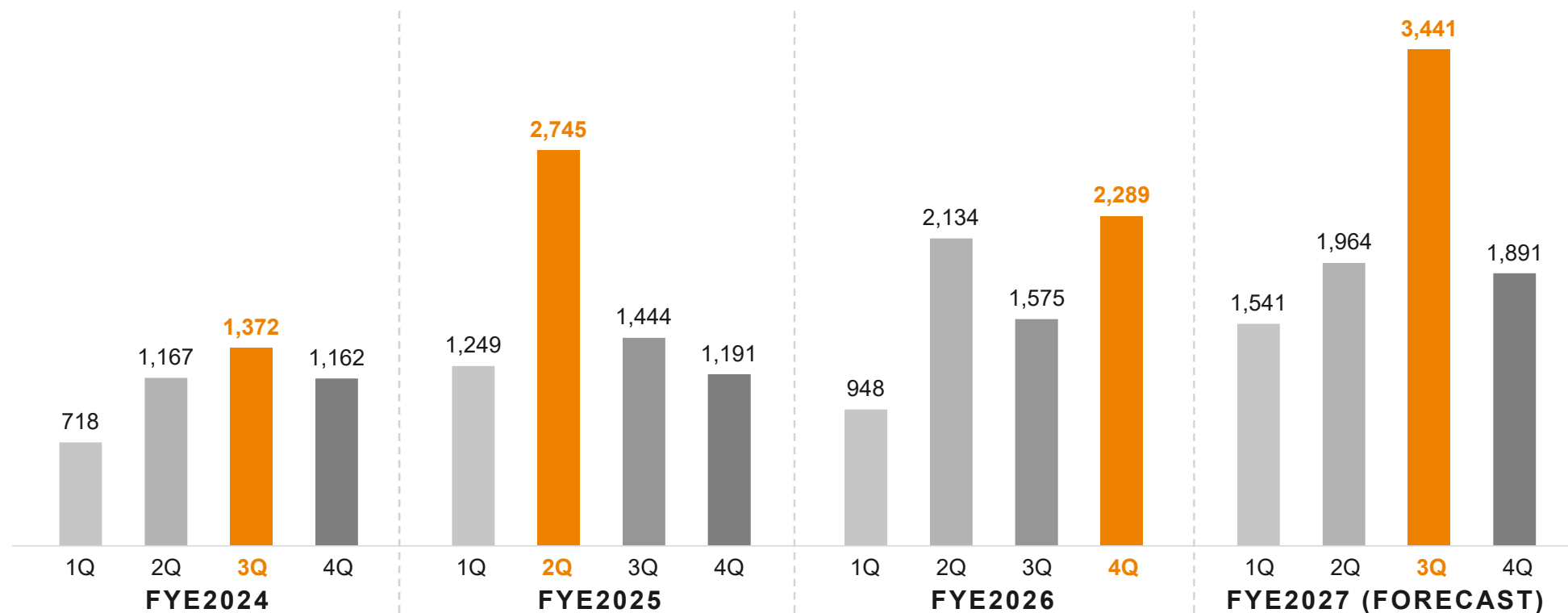
(Millions of yen)	FYE2026		FYE2027		YoY Change	
	Actual	% of Sales	Forecast	% of Sales	Change	% Change
Net Sales	6,949	—	8,840	—	+1,890	+27.2%
DX Services	6,365	—	8,096	—	+1,730	+27.2%
Service&Support	583	—	743	—	+160	+27.4%
Operating Profit	1,117	16.1%	1,268	14.4%	+151	+13.6%
Ordinary Profit	1,170	16.8%	1,268	14.4%	+98	+8.4%
Profit	786	11.3%	829	9.4%	+42	+5.4%
(Millions of yen)	FYE2025		FYE2026			
Order Backlog[※] (Reference)	1,297		2,230		+932	+71.9%

※ Flow sales only (as of the end of May in each year)

FYE2027 Quarterly Sales Forecasts

Sales are expected to increase significantly in 3Q of FYE2027.

(Millions of yen)



Sales recorded in 3Q (December–February) increased due to fiscal year-end demand

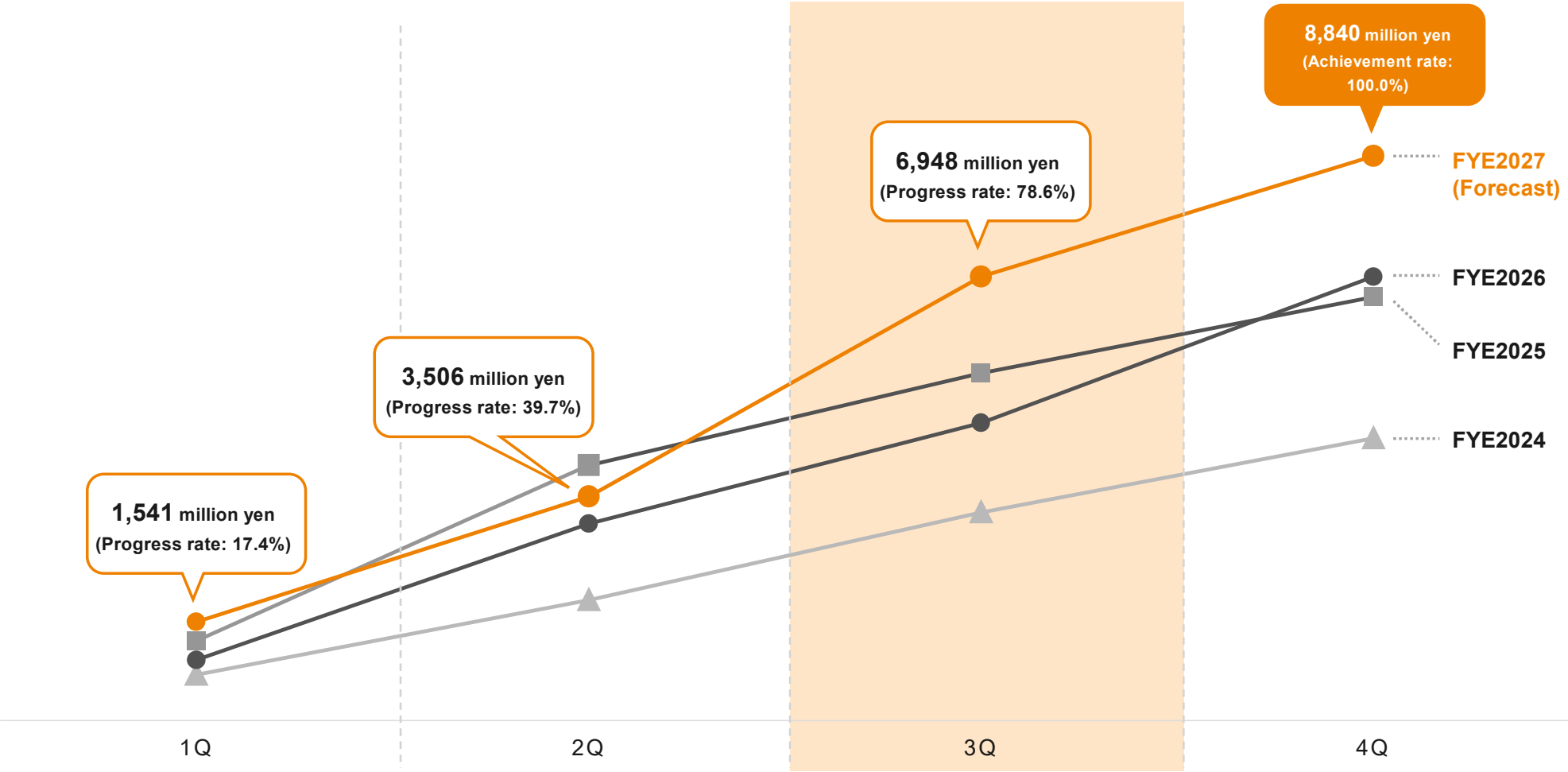
Progress was faster than usual in the first half due to large-scale projects being recorded

Large-scale projects recorded in 2Q and 4Q

In addition to year-end demand, a large-scale project is scheduled to be recorded in 3Q

FYE2027 Quarterly Sales Forecasts (Cumulative)

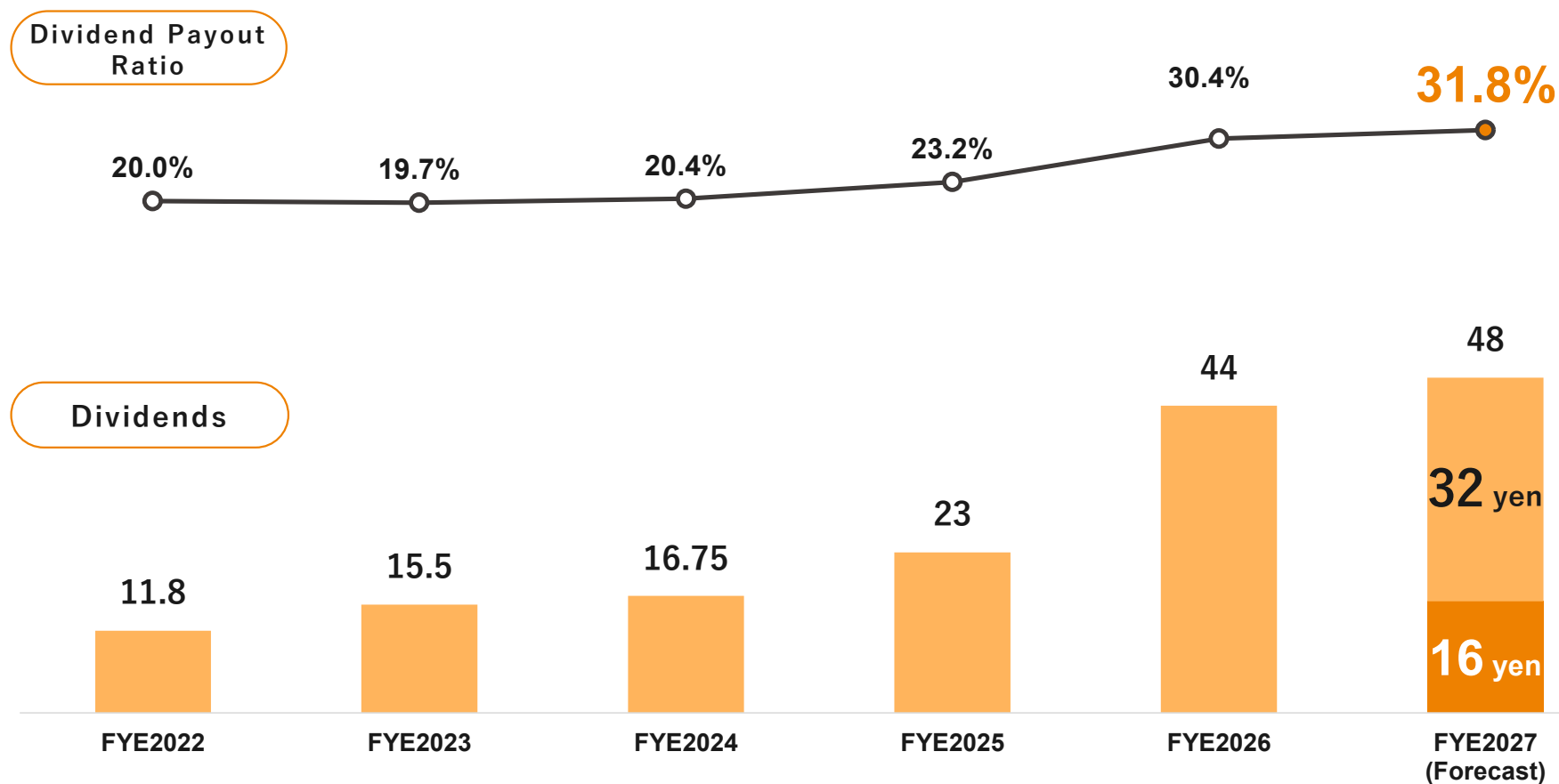
Performance to accelerate from 3Q onward, when large -scale project sales are expected to be recorded



FYE2027 Dividend Forecast

Interim dividends to be paid from FYE2027

Payout ratio of 30% or more; DPS expected to rise by 4 yen to 48 yen.



※ The Company conducted a 4-for-1 stock split of its common stock effective December 1, 2024. Dividend amounts prior to the split are stated as figures adjusted for the stock split.

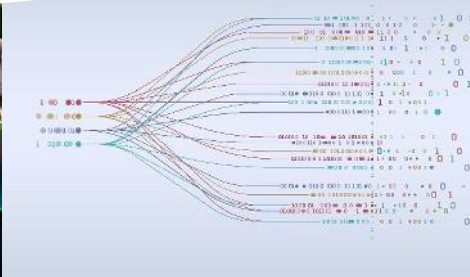
APPENDIX

Market Analysis

Advances in AI and Market Expansion

AI, which has been used only in specific fields, will rapidly expand its scope going forward

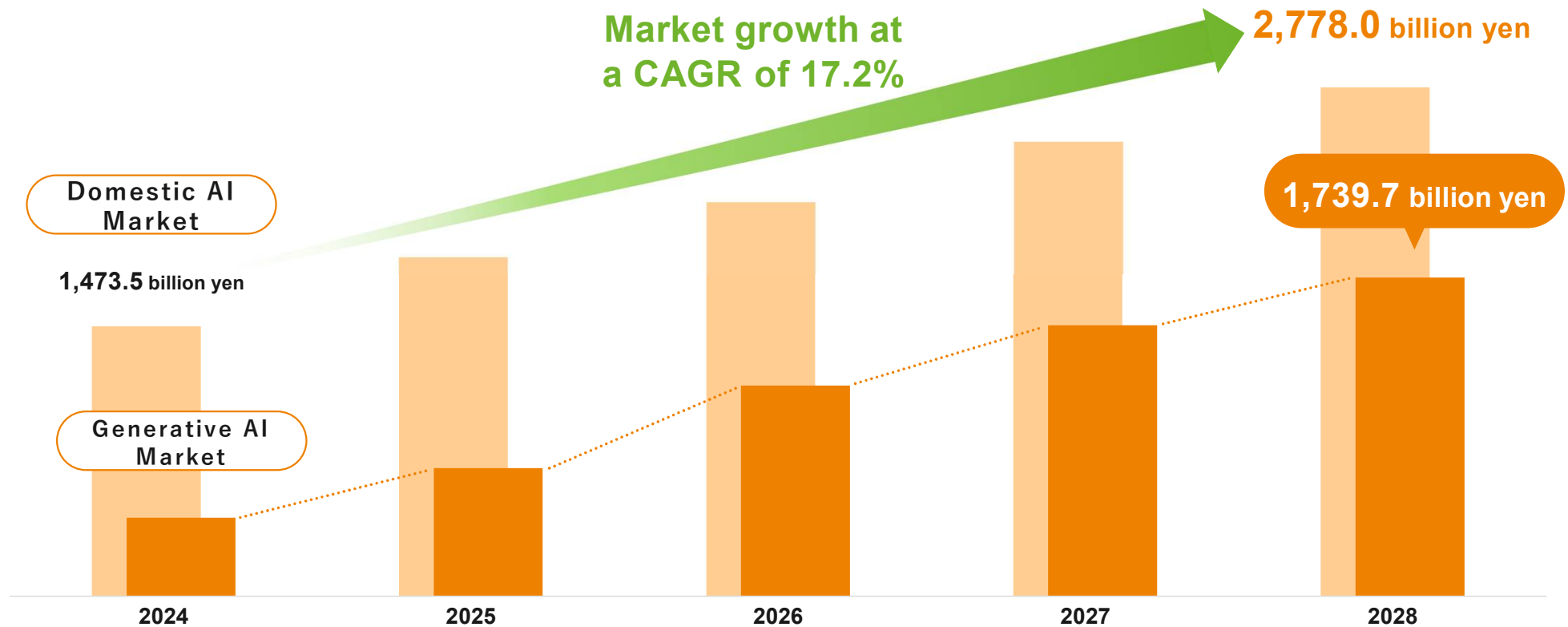
PERCEPTION AI	GENERATIVE AI	AGENTIC AI	PHYSICAL AI
Image Recognition • Anomaly detection • Defect detection • Lesion diagnosis • Character recognition, etc.	Generative AI • Content generation • Chatbots • Voicebots, etc.	Agentic AI • Personal assistants • Business process automation, etc.	Physical AI • Robotics • Advanced mobility, etc.



Domestic Market Forecast for AI (including Generative AI)

The domestic AI market is expected to grow to 2,778.0 billion yen by 2028

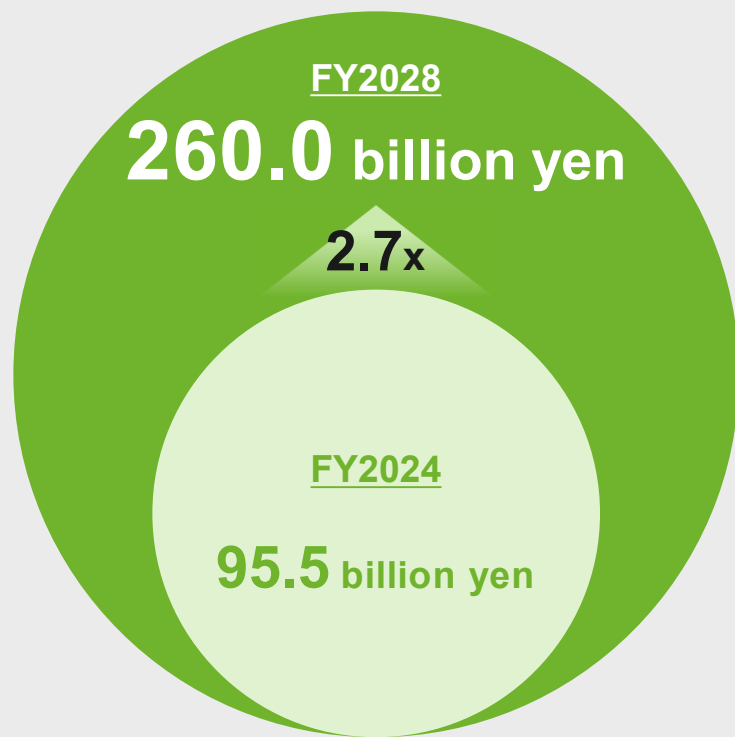
Of this, the generative AI market will reach 1,739.7 billion yen, 12.3 times the FY2023 level, accounting for about 60% of the AI market



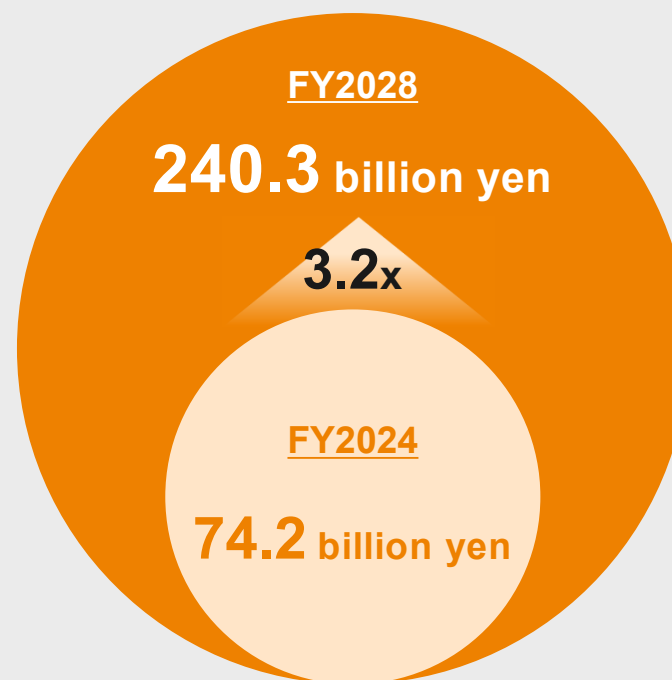
Forecast for GPU Servers/GPU Cloud for AI

Over the five years from 2024 to 2028, the GPU server market is projected to expand 2.7 times, and the GPU cloud market 3.2 times

GPU Server Market Forecast



GPU Cloud Market Forecast



Growth Strategy



Shift to Upper-Layer Business

**Strengthening the Ecosystem for the Large-Scale
AI Era**

Expanding Business Domains

We will continue to expand our portfolio into upper layers to meet a wide range of user needs and promote seamless upselling and cross-selling



GPU Card



DeepLearning BOX



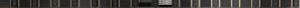
PCI-E GPU Server



HGX Server



DGX Series



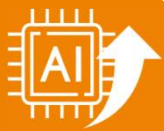
DGX Pod



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

Strengthening the Ecosystem for the Large-Scale AI Era

Partnering with cloud vendors and data centers to promote hybrid use of on-premises and cloud
Collaboration solutions with AI startups are also offered



**AI Start-
ups**



**Sler
Consulting**



**Cloud
Vendors**



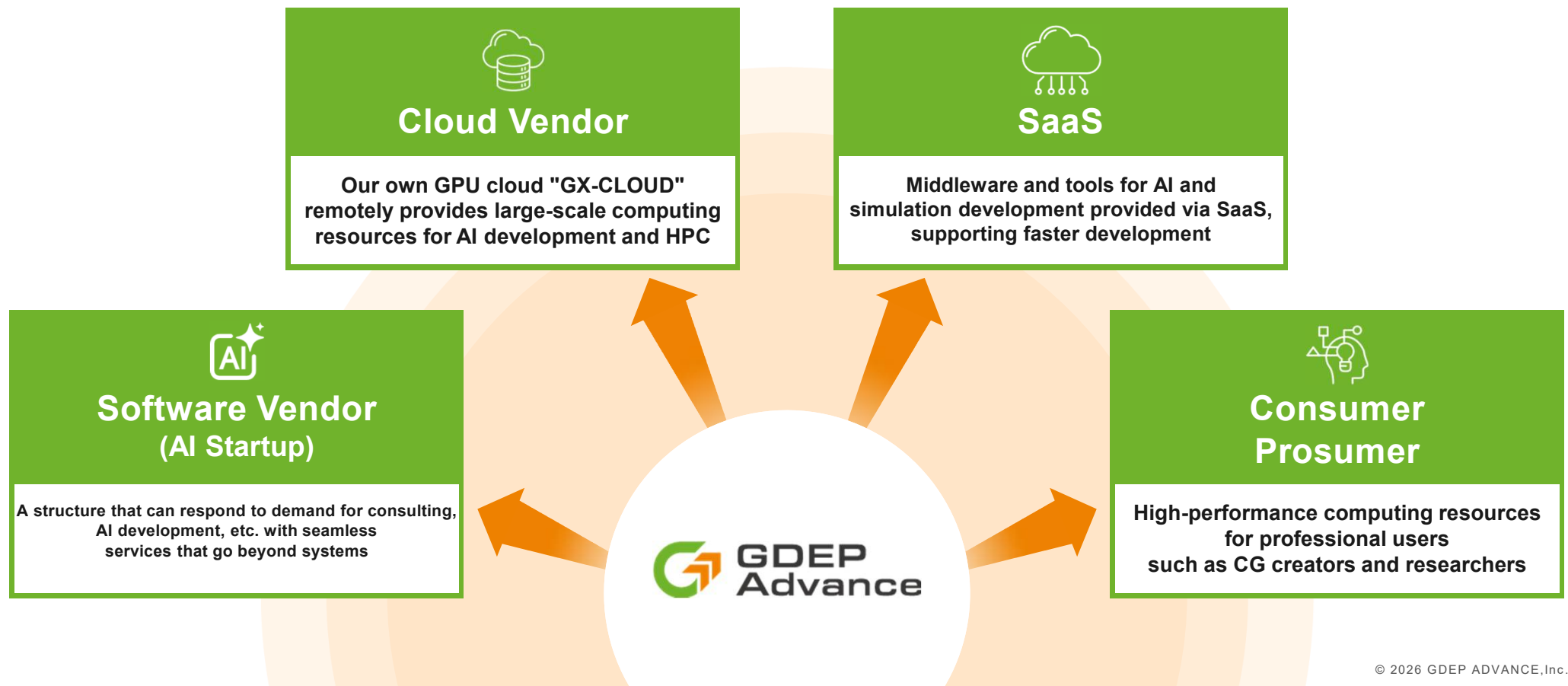
**DATA
Center**



**Sales
Partners**

Expanding Business Domains

Accelerating growth through entry into highly compatible business domains and M&A, we aim to become an "Advanced Solution Vendor" that provides cutting-edge solutions



Medium-Term Management Plan

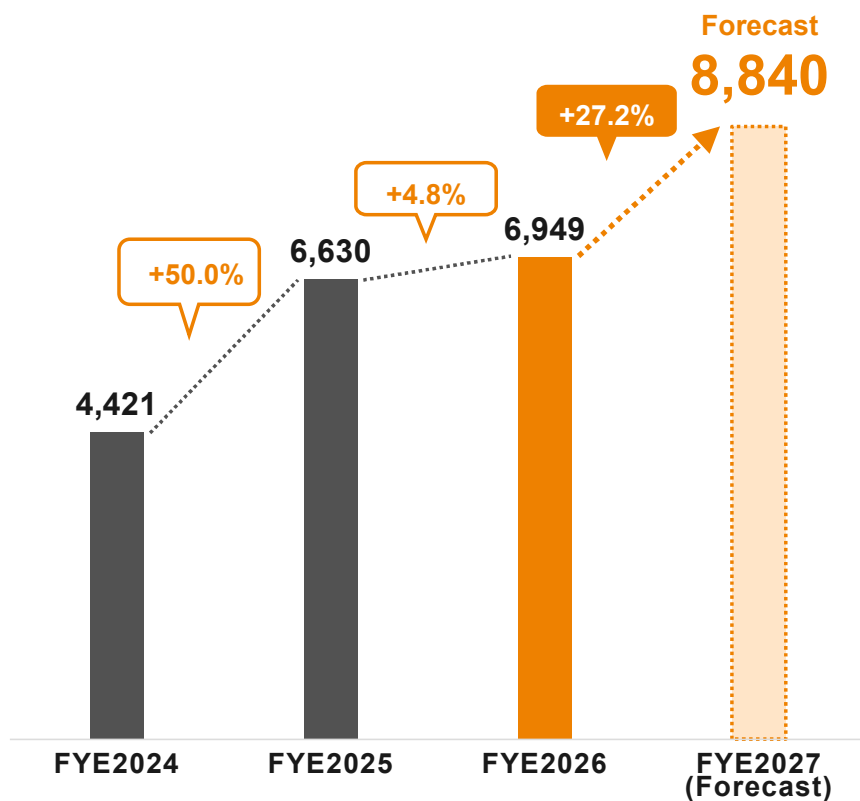
Numerical Targets

Numerical Targets

Net Sales

■ Net Sales

(Millions of yen)

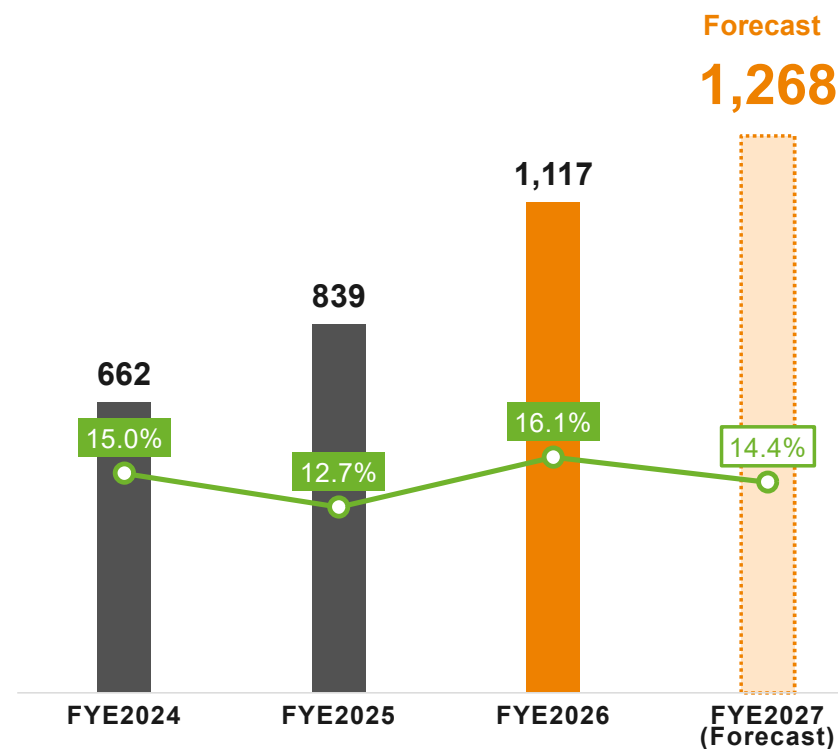


Operating Profit / Operating Profit Margin

■ Operating Profit

—○— Operating profit margin

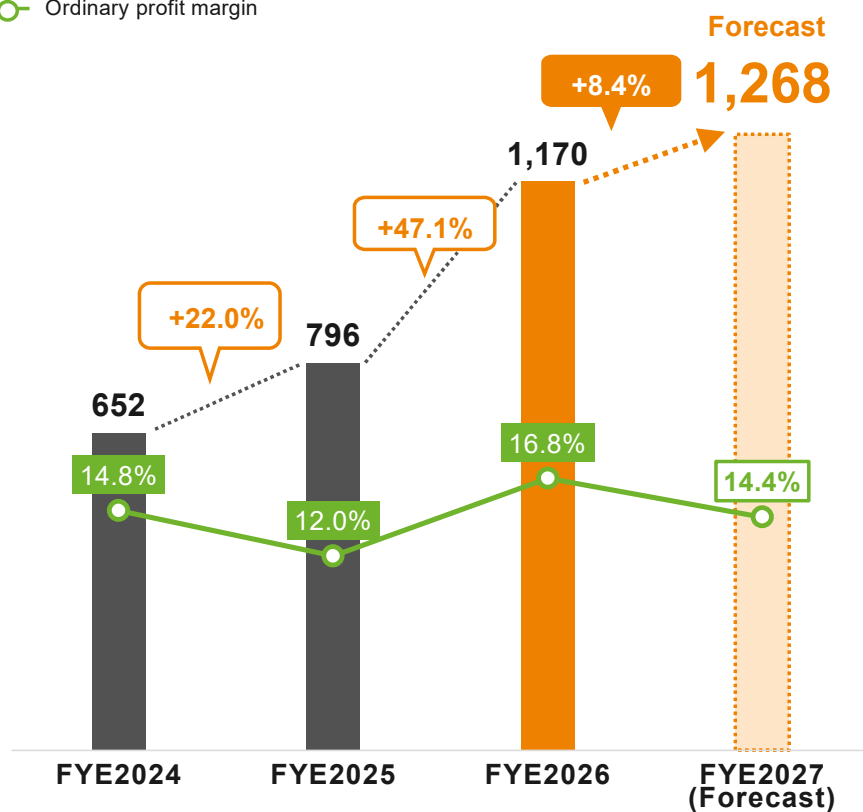
(Millions of yen)



Numerical Targets

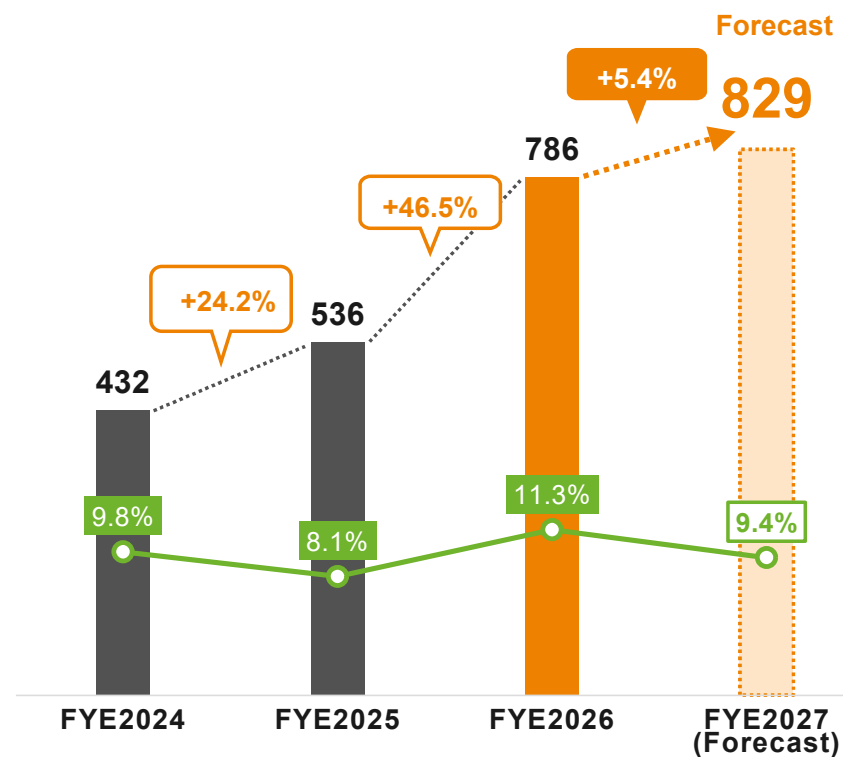
Ordinary Profit / Ordinary Profit Margin

■ Ordinary Profit (Millions of yen)
—○ Ordinary profit margin

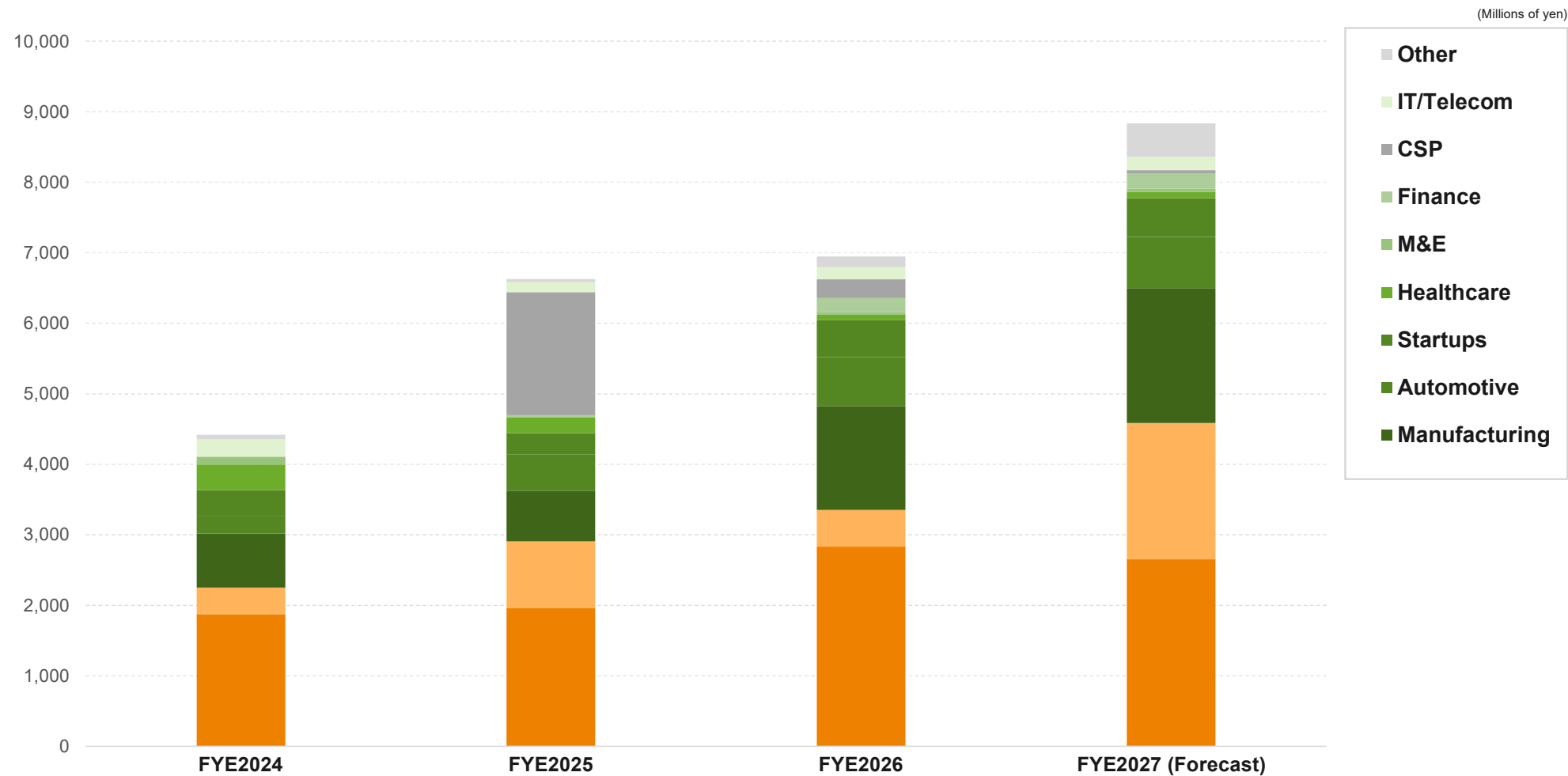


Profit / Profit Margin

■ Profit (Millions of yen)
—○ Profit margin



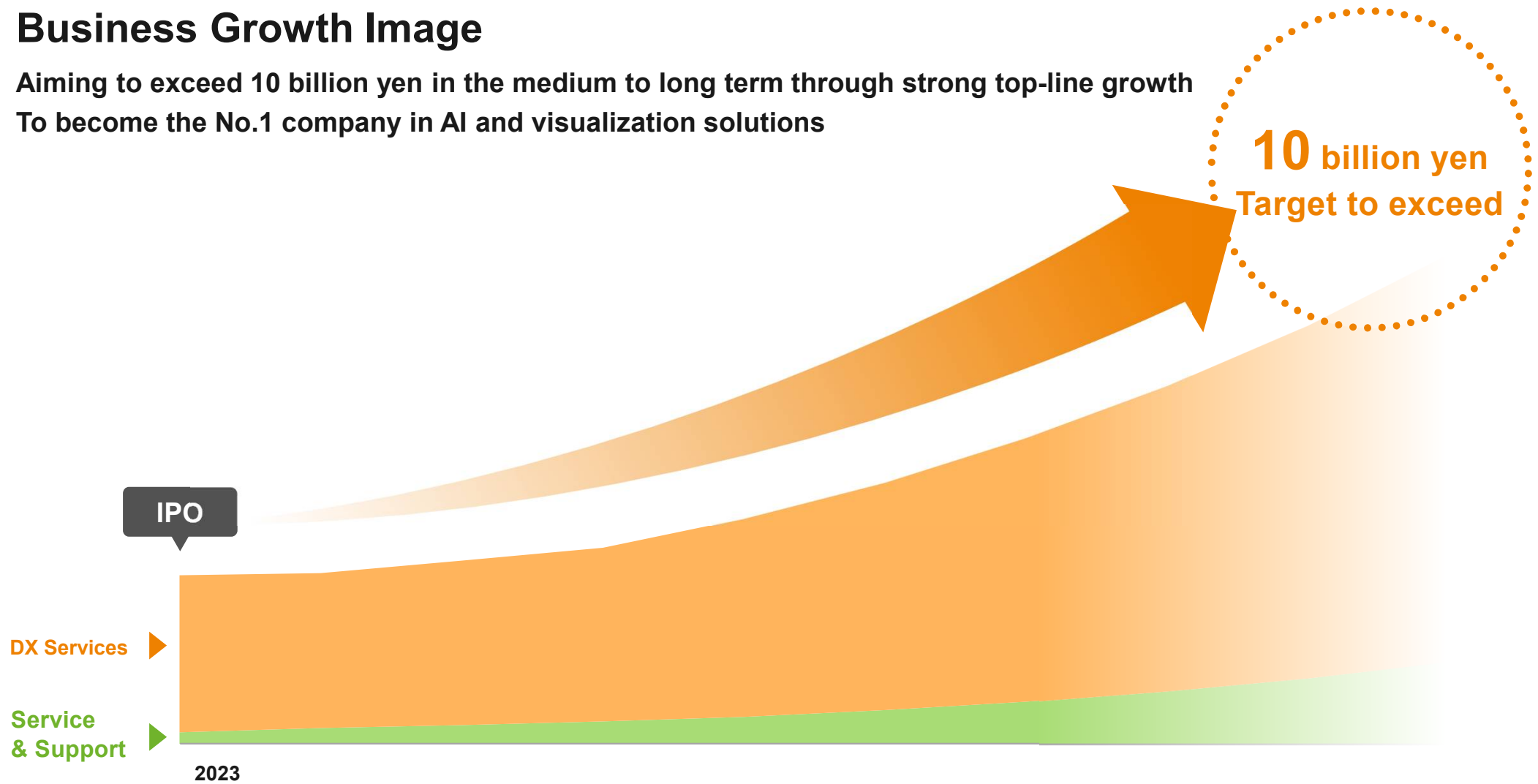
Sales Forecast by Industry



Business Growth Image

Aiming to exceed 10 billion yen in the medium to long term through strong top-line growth

To become the No.1 company in AI and visualization solutions



Company Profile



Company Name **GDEP ADVANCE, Inc.**

Tokyo Stock Exchange Standard Market Securities Code: 5885

Established **January 15, 2016**

Representative Representative Director, CEO & Executive Officer Tadamichi Iino

Location ● **Sendai Main Office**

〒980-0803

Sendai Jozenji Building 8F,

3-4-33 Kokubuncho, Aoba-ku, Sendai-shi, Miyagi

TEL: 022-713-4050 FAX: 022-713-4051

● **Tokyo Head Office**

〒106-6205

1-8-12 Harumi, Chuo-ku, Tokyo

Triton Square Office Tower Z 5F

TEL: 03-6803-0620 FAX: 03-6803-0450

MISSION

Advance with you Let's advance the world

Action Guidelines

Each and every employee of the Company, as a member of society, acts with integrity and high ethical standards.

We contribute to the development of society through our business.

We comply with laws and regulations and value fairness and transparency.

We use moral rightness as our standard of judgment.

We respect human rights and embrace diversity.

We create the future by reducing environmental impact and environmental risks.

We are always mindful of mental and physical health and aim to create a healthy workplace.

As members of society, we contribute to our local communities.

We always approach all our work with pride and responsibility.

We share our purpose and enjoy our own growth together with the growth of the Company.



Board Members



**Representative Director, CEO &
Executive Officer**

Tadamichi Iino

1993: Joined TOWA ELECTRIC, Inc.
2007: Encountered NVIDIA's GPUs at the Super Computing Conference held in Reno, Nevada, and began promoting them in Japan the following year. 2016: Founded the Company.



Director, CFO & Executive Officer

Tatsuo Ohashi

Certified Public Accountant
After gaining audit experience at KPMG AZSA LLC, gained IPO experience at an operating company.
2020: Appointed Director of the Company.



Outside Director

Sayaka Kurihara Attorney at Law
After working at a major law firm in Tokyo, established Sendai Asahi Law Office.
2021: Appointed Outside Director of the Company.



Outside Director

Toru Kamiyama After working at a securities company, engaged in consulting related to corporate value enhancement. Served as an outside officer at multiple listed companies.
2025: Appointed Outside Director of the Company.



**Full-time Audit &
Supervisory Board Member**

Kunio Yamagata

After working in administrative roles such as accounting and finance at NEC Corporation, served as an auditor at multiple group companies.
2022: Appointed Full-time Audit & Supervisory Board Member of the Company.



**Audit & Supervisory Board
Member**

Nobuyuki Hoshi

Certified Public Accountant
After working at a financial institution, engaged in audits and IPO support at a major audit firm. 2016: Established an accounting firm. 2021: Appointed Audit & Supervisory Board Member of the Company.



**Audit & Supervisory Board
Member**

**Toshihiro
Fukazawa**

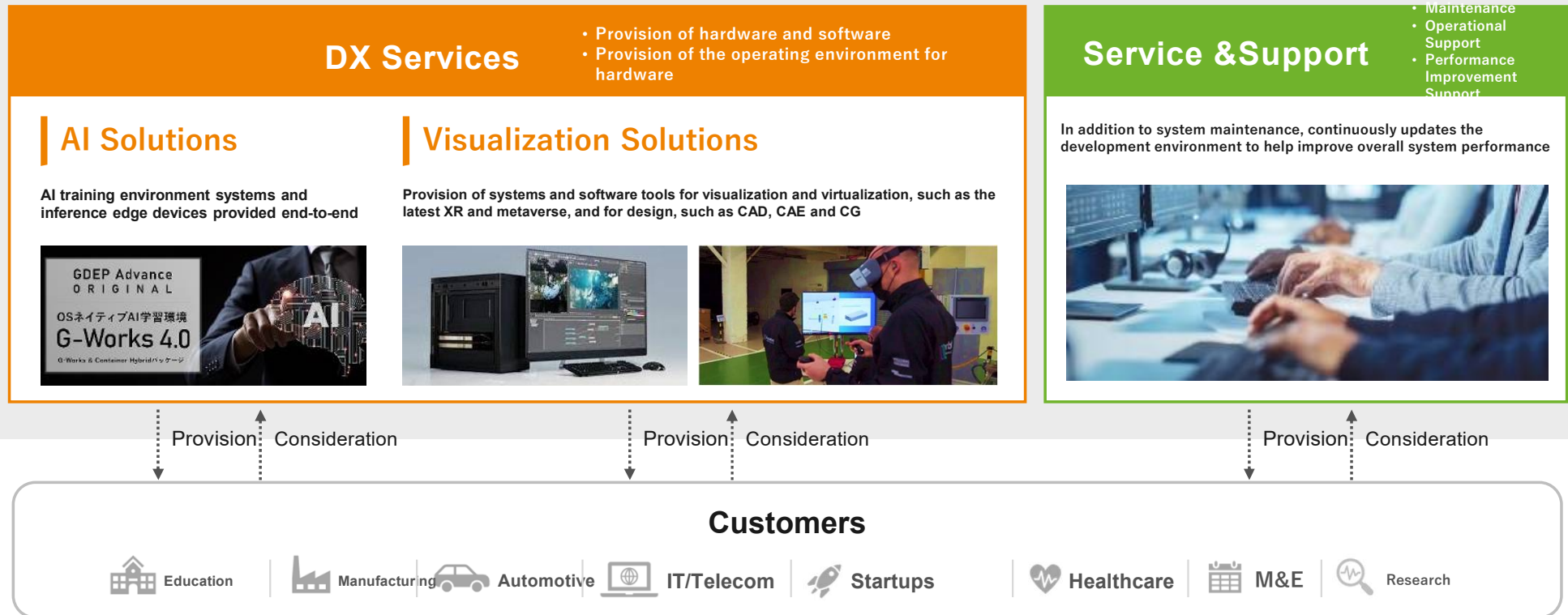
Attorney at Law
After working at a law firm in Sendai, established Sendai Kagayaki Law Office in 2022.
2021: Appointed Audit & Supervisory Board Member of the Company.

Business Overview

A single segment, the System Incubation Business, comprising DX Services and Service&Support

DX Services mainly provide AI Solutions and Visualization Solutions

System Incubation Business



Service Categories and Business Models

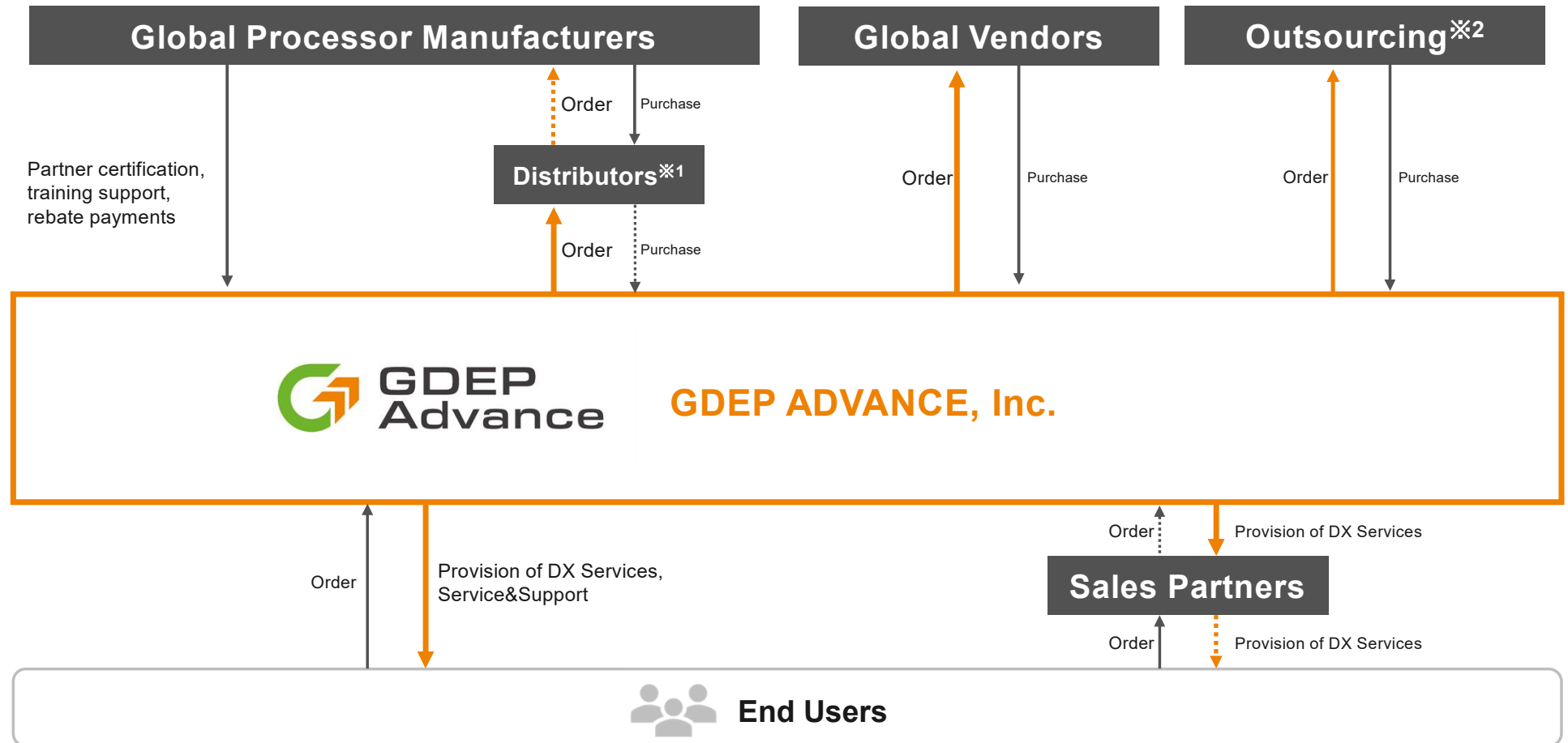
Within DX Services, AI & Visualization Solution Services and

Other DX Solution Services are Flow Business;

Subscription Services within DX Services and Service&Support are Stock Business

Service Category	Main Services	Business Model
DX Services	AI & Visualization Solution Services Provision of products and services for developing and operating AI services, and products and services for computer processing using video and images	Flow Business
	Other DX Solution Services Assembly and sale of storage, sale and configuration of network equipment, sale and configuration of software, and design and construction of systems combining them	
	Subscription Services In addition to on-premises provision for in-house use, rental, cloud, etc. are provided as "Subscription Services"	
Service & Support	Continuous Development Environment Updates Services to improve overall system performance through software updates and optimal combinations of versions	Stock Business
	Hardware Maintenance Provides Q&A, FAQ sharing, fault isolation, on-site support, alternative environments, etc.	

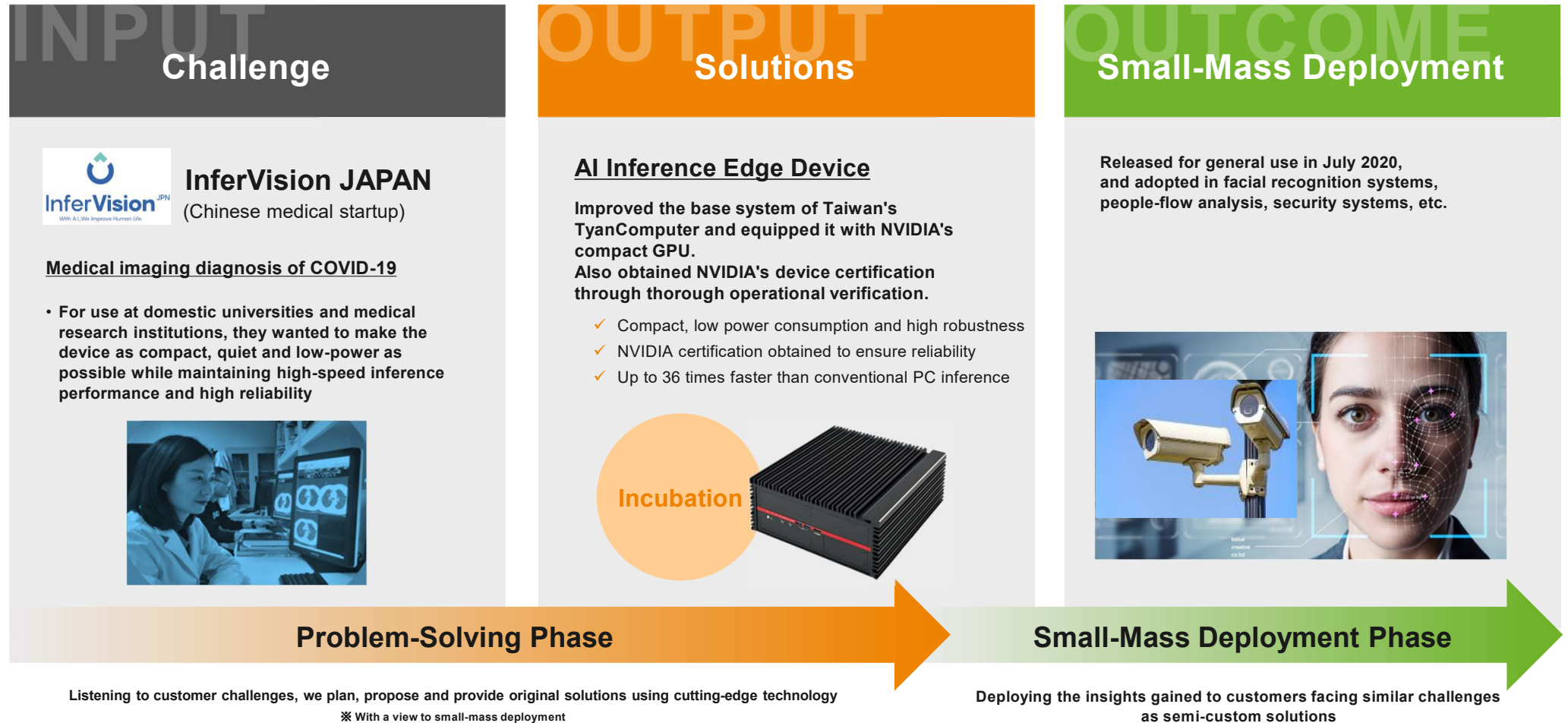
Business Flowchart



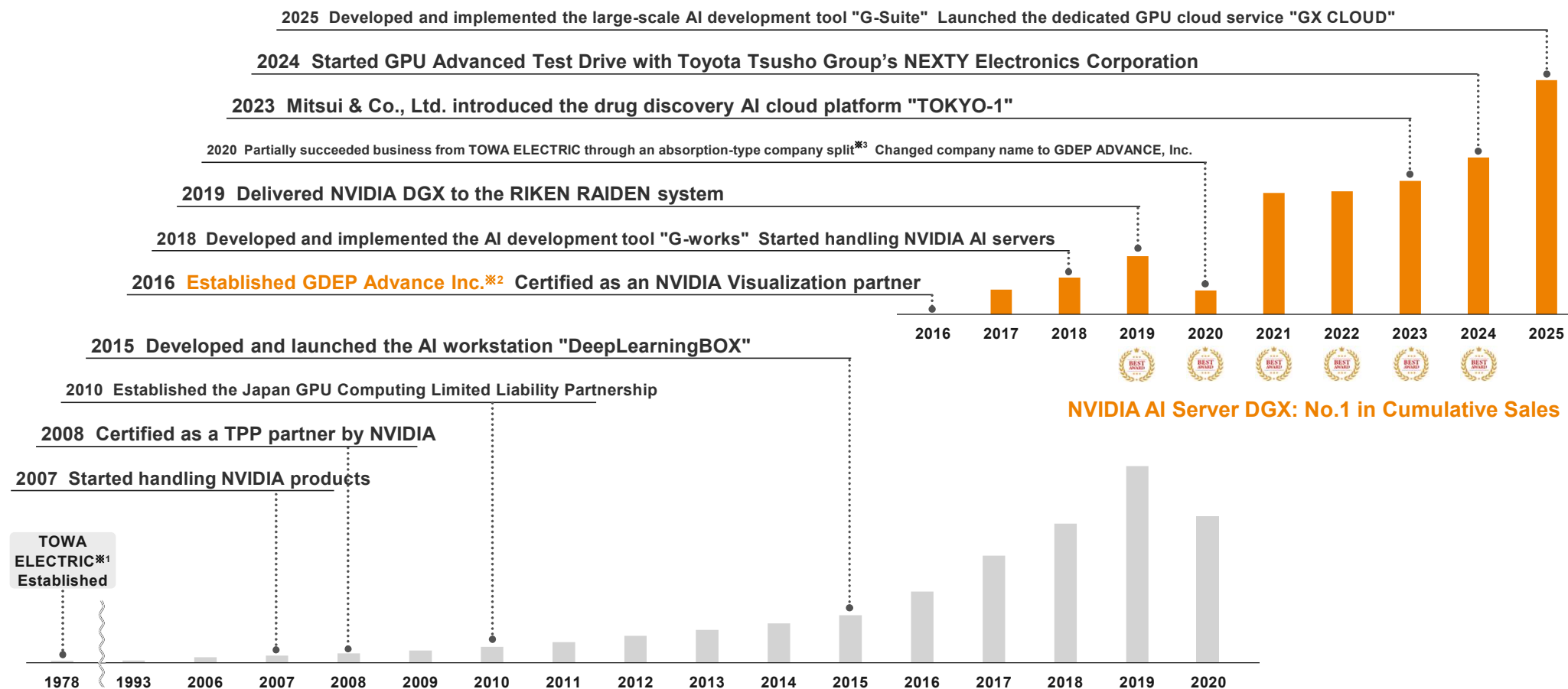
※1 The Company purchases some of its products mainly from domestic distributors certified as partners by global processor manufacturers

※2 Part of the assembly work is outsourced.

Case Study



History and Net Sales Trends



※1 TOWA ELECTRIC is the Company's de facto predecessor

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

※3 As of April 1, 2020, succeeded to the information and communications business of TOWA ELECTRIC, Inc. and its equity interest in the LLP through an absorption-type company split

Our Strengths and Characteristics

Overview of Strengths and Characteristics

Technical capabilities recognized by 3 global processor manufacturers and planning and product sourcing capabilities born from partnerships with global vendors are the source of our strong competitive advantage

Sources of Strength

Certified by 3 global processor manufacturers

High Technical Capabilities

Born from global vendor partnerships

Planning & Sourcing



Our Characteristics

1

Proposing optimal solutions combining the latest technology with proprietary gimmicks

2

Diversity of solution delivery formats

3

Customer continuity through Service & Support

4

Winning projects with an eye toward small-mass deployment

5

Differentiated Unique Positioning

Our Strengths and Characteristics

High Technical Capabilities Certified by 3 Global Processor Manufacturers

Certifications: **Obtained 11 types of certification from 3 global processor manufacturers**

In particular, **NVIDIA** has built a strong relationship with us since 2007 as **one of the top-class partners in Japan**

Certifications

NVIDIA Cloud Partner DGX AI Compute Systems Preferred
NVIDIA Cloud Partner Visualization Registered
NVIDIA Solution Provider Compute Elite
NVIDIA Solution Provider DGX AI Compute Systems Elite
NVIDIA Solution Provider DGX Cloud Elite
NVIDIA Solution Provider Networking Preferred
NVIDIA Solution Provider NVIDIA Enterprise Software Elite
NVIDIA Solution Provider Visualization Elite
NVIDIA Specialization AI factory



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 an LLP

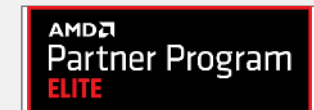
Awarded every year for
technology & track record



intel® Partner



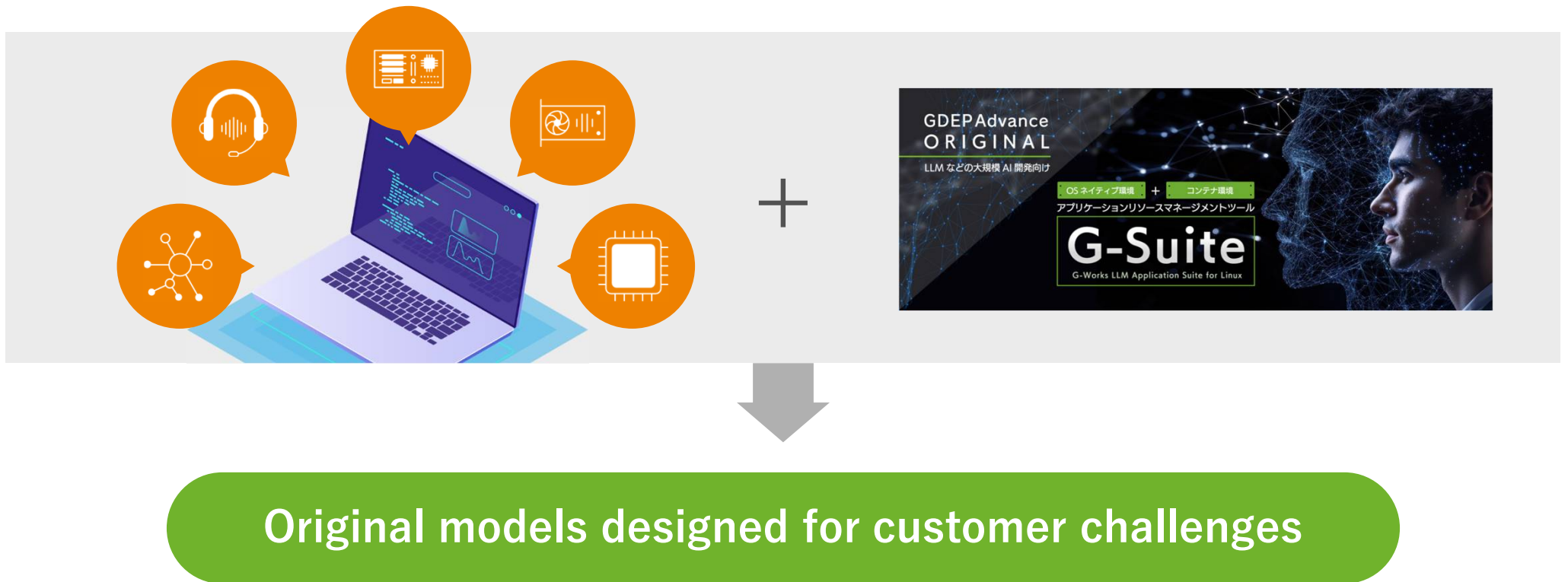
AMD® Elite Partner



Our Strengths and Characteristics

① Optimal Solutions Combining the Latest Technology and Proprietary Gimmicks

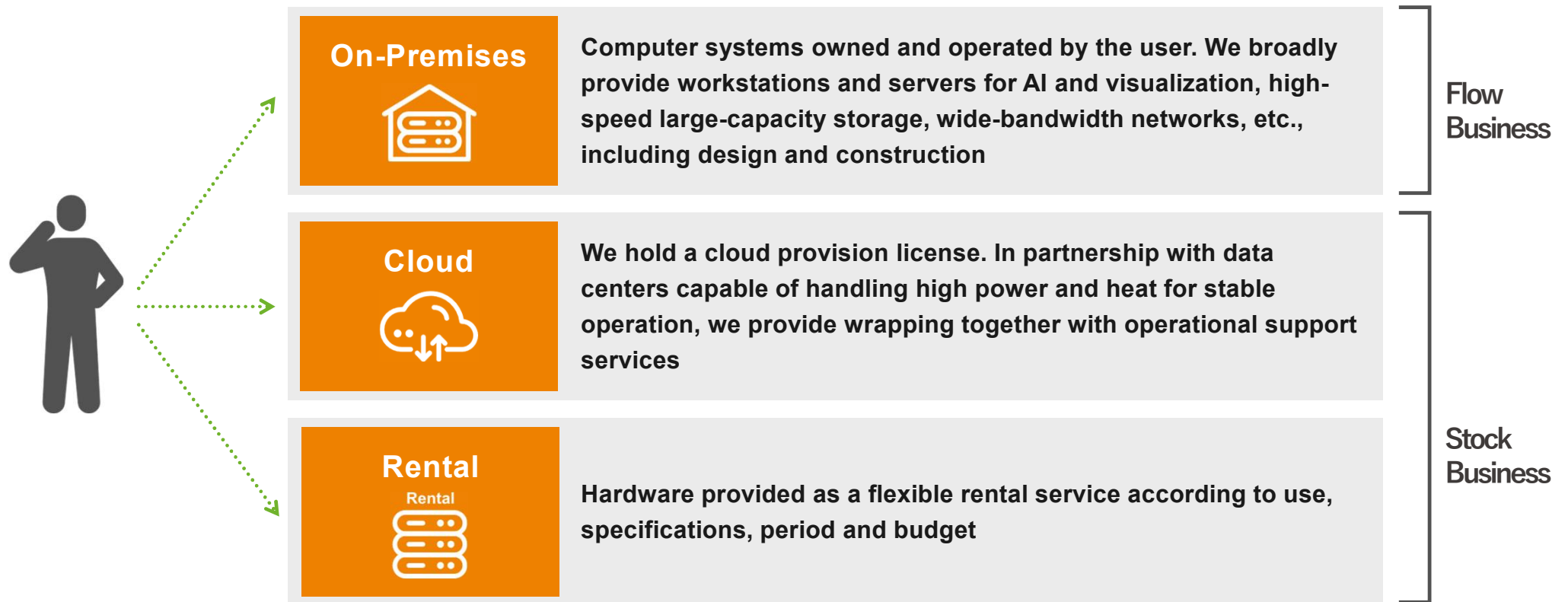
Through technical capabilities as a certified partner of 3 global processor manufacturers and close information sharing with global vendors, **we combine the latest technologies and add our own proprietary gimmicks** Designing and proposing the best solutions to solve customer challenges



② Diversity of Solution Delivery Formats (1/2)

Not only on-premises (Flow Business) but also cloud and rental services (Stock Business):

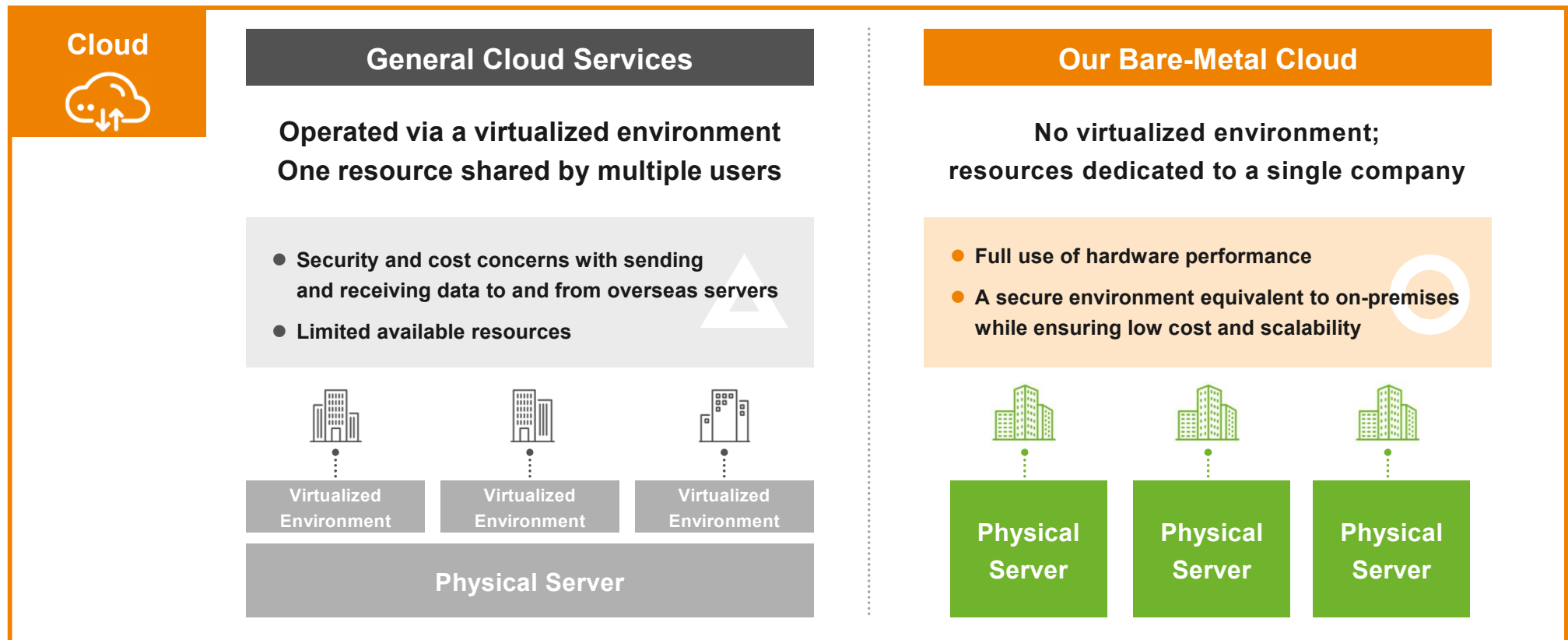
flexible delivery formats that address diverse customer needs



② Diversity of Solution Delivery Formats (2/2)

Our cloud uses cutting-edge hardware not offered by major providers, with services provided using the bare-metal method※.

This enhances customer convenience and establishes a strong competitive advantage as a cloud for development



Our Strengths and Characteristics

③ Customer Continuity through Service & Support

Verifying tuning-driven performance changes on actual equipment to keep customer systems in the **optimal environment**

Continuously improves system performance without changing the hardware

Improving post-implementation usage value (user experience)

Improves overall system performance through software tuning, the process of finding optimal values via software updates and combinations of versions by generation



Mainly used for R&D,
Rapidly evolving and trend-driven:
**AI development environments are
our area of expertise**

Our Strengths and Characteristics

④ Handling Projects with an Eye toward Small-Mass Deployment

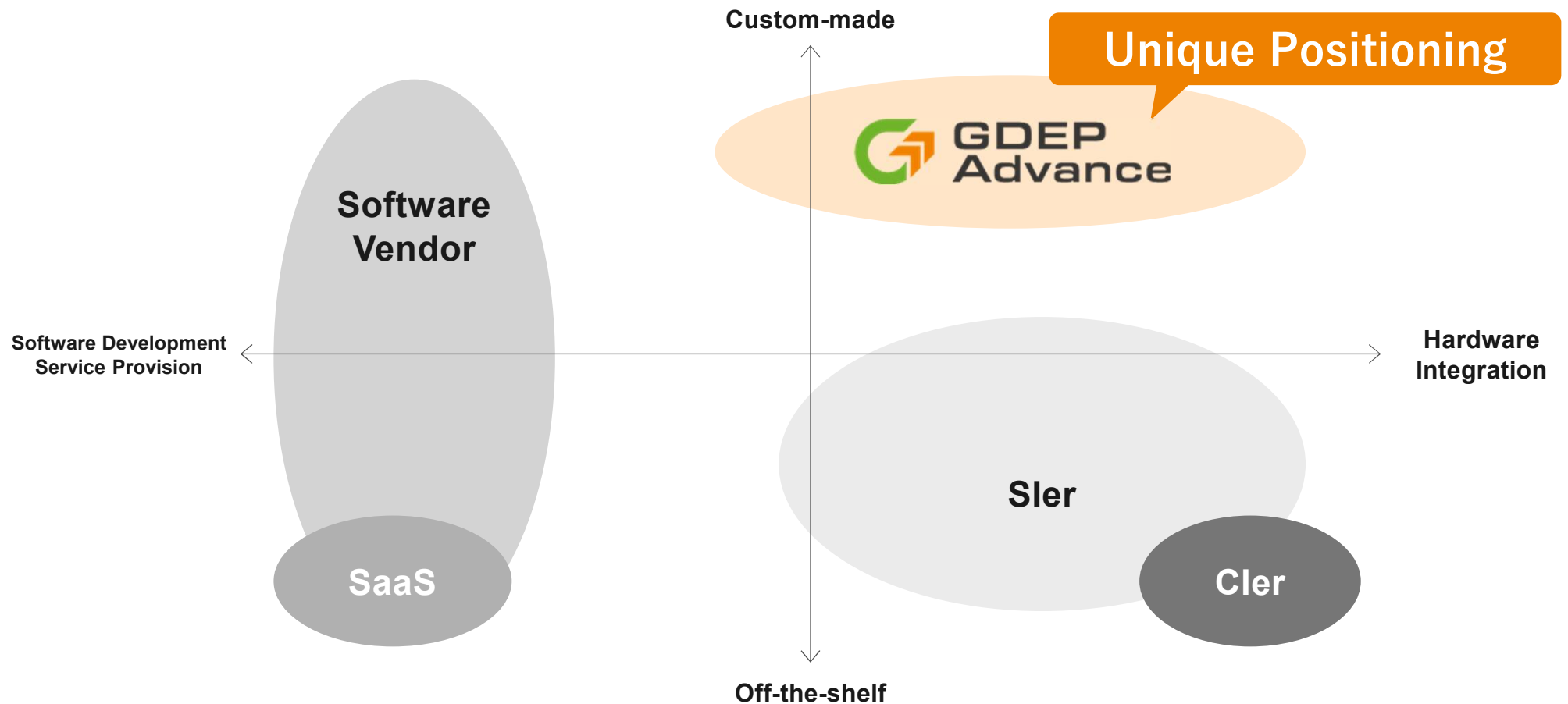
Developing solutions deployable to small mass markets by solving individual challenges

Adding proprietary gimmicks **increases difficulty of imitation, achieving high profitability in small-mass deployment**



⑤ Unique Positioning that Differentiates Us from Competitors

A flexible solution provider with strong expertise in cutting-edge hardware



Definitions of terms are provided below

Term	Definition
AI	Abbreviation of Artificial Intelligence; a computer system that performs intelligent human behaviors such as learning, inference, recognition and judgment
CAD	Computer Aided Design: Using computers to perform design and drafting
CAE	Computer Aided Engineering: Using computers to design and engineer industrial products
GAT	A PoC environment service that allows exclusive trial use of NVIDIA DGX systems accelerated by ultra-high-speed latest GPUs Aimed at supporting end-to-end AI development for the Japanese mobility industry, jointly provided by NEXTY Electronics Corporation and the Company
M&E	Abbreviation of Media & Entertainment
Edge Device	Terminal devices used in IoT IoT is a system in which all kinds of things are connected to the Internet and interoperate with each other
On-Premises	Owning and operating computer systems on the user side
Virtualization	Technology that virtually divides the physical resources of hardware
Global Processor Manufacturers	Major globally operating semiconductor companies such as NVIDIA, Intel and AMD

Definitions of terms are provided below

Term	Definition
Global Vendors	Hardware and software vendors around the world
Visualization	A general term for technologies for visualization, including XR and the metaverse
Subscription	A system of paying periodic fees for services available for a certain period
Inference	The process of making predictions and inferences using AI models built through AI training
Bare-Metal Method / Bare-Metal Cloud	A system that uses physical servers on the cloud without virtualization
Workstation	A computer with higher performance than a typical PC, specialized for purposes such as computation and rendering

Handling of This Document

This document has been prepared for information purposes only. It is not intended to solicit the sale or purchase of securities in Japan, the United States or any other region. No part of this document may be disclosed or conveyed to third parties without the Company's approval.

This document contains forward-looking statements. These statements are based only on information available at the time they were prepared. Furthermore, such statements do not guarantee future results and involve risks and uncertainties. Please note that actual results may differ materially from the forward-looking statements due to changes in the environment and other factors. Factors affecting actual results include, but are not limited to, domestic and overseas economic conditions and trends in the industries related to the Company.

Information in this document concerning parties other than the Company is quoted from public information or data prepared by third parties, and the Company has not verified and does not guarantee the accuracy or appropriateness of such information.



Advance with you Let's advance the world