

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended May 31, 2022 (Based on Japanese GAAP)

July 14, 2022

Company name: GRCS Inc.
 Stock exchange listing: Tokyo
 Stock code: 9250 URL <https://www.grcs.co.jp/>
 Representative: President&Representative Director Yoshikazu Sasaki
 Inquiries: Director Ikue Tanaka TEL 03(6272)9191
 Scheduled date to file Quarterly Securities Report: July 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended May 31, 2022 (from December 1, 2021 to May 31, 2022)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended May 31, 2022	1,113	–	(9)	–	(16)	–	(12)	–
Six months ended May 31, 2021	–	–	–	–	–	–	–	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2022	(9.20)		–	
Six months ended May 31, 2021	–		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2022	1,301	741	56.9
As of November 30, 2021	1,273	751	59.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended November 30, 2021	–	0.00	–	0.00	0.00
Year ending November 30, 2022	–	0.00			
Year ending November 30, 2022 (Forecast)			–	0.00	0.00

3. Forecast of non-consolidated financial results for the year ending November 30, 2022 (from December 1, 2021 to November 30, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,092	19.0	190	54.5	185	85.5	130	(9.3)	99.66

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	Yes
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(3) Number of issued shares (common shares)

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

As of May 31, 2022	1,309,800 shares	As of November 30, 2021	1,309,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	– shares	As of November 30, 2021	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended May 31, 2022	1,309,133 shares	Six months ended May 31, 2021	– shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of November 30, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	875,250	674,651
Accounts receivable - trade	224,306	368,176
Work in process	1,783	12,319
Advance payments to suppliers	32,055	46,033
Prepaid expenses	11,837	30,740
Other	5,713	457
Total current assets	1,150,945	1,132,379
Non-current assets		
Property, plant and equipment		
Buildings, net	9,462	10,628
Tools, furniture and fixtures, net	1,450	1,233
Construction in progress	–	17,762
Total property, plant and equipment	10,912	29,624
Intangible assets		
Software	6,685	4,410
Total intangible assets	6,685	4,410
Investments and other assets		
Long-term prepaid expenses	935	1,485
Deferred tax assets	86,929	91,747
Guarantee deposits	17,210	41,918
Total investments and other assets	105,075	135,151
Total non-current assets	122,673	169,186
Total assets	1,273,618	1,301,565

(Thousands of yen)

	As of November 30, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	64,947	93,407
Short-term borrowings	37,502	12,506
Current portion of long-term borrowings	45,248	50,132
Accrued expenses	118,683	125,574
Income taxes payable	32,629	7,190
Accrued consumption taxes	40,116	30,284
Advances received	42,054	57,677
Deposits received	5,368	6,526
Total current liabilities	386,550	383,298
Non-current liabilities		
Long-term borrowings	129,130	170,768
Asset retirement obligations	6,085	6,086
Total non-current liabilities	135,215	176,854
Total liabilities	521,766	560,153
Net assets		
Shareholders' equity		
Share capital	298,400	299,200
Capital surplus	262,869	263,669
Retained earnings	190,266	178,225
Total shareholders' equity	751,535	741,094
Share acquisition rights	317	317
Total net assets	751,852	741,412
Total liabilities and net assets	1,273,618	1,301,565

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2022
Net sales	1,113,915
Cost of sales	875,599
Gross profit	238,316
Selling, general and administrative expenses	248,306
Operating loss	(9,990)
Non-operating income	
Interest income	3
Commission income	363
Subsidy income	1,300
Other	0
Total non-operating income	1,667
Non-operating expenses	
Interest expenses	1,661
Going public expenses	1,768
Foreign exchange losses	4,756
Other	82
Total non-operating expenses	8,269
Ordinary loss	(16,592)
Loss before income taxes	(16,592)
Income taxes - current	265
Income taxes - deferred	(4,817)
Total income taxes	(4,551)
Loss	(12,040)

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2022
Cash flows from operating activities	
Loss before income taxes	(16,592)
Depreciation	3,088
Interest income	(3)
Interest expenses	1,661
Going public expenses	1,768
Foreign exchange losses (gains)	(39)
Decrease (increase) in trade receivables	(143,870)
Decrease (increase) in inventories	(10,536)
Increase (decrease) in trade payables	28,459
Decrease (increase) in advance payments to suppliers	(13,978)
Increase (decrease) in accrued consumption taxes	(9,832)
Increase (decrease) in income taxes payable - factor based tax	(5,784)
Increase (decrease) in advances received	15,622
Increase (decrease) in accrued expenses	6,925
Decrease (increase) in other assets	(13,420)
Increase (decrease) in other liabilities	1,158
Subtotal	(155,371)
Interest received	3
Interest paid	(1,647)
Income taxes paid	(19,919)
Net cash provided by (used in) operating activities	(176,936)
Cash flows from investing activities	
Purchase of property, plant and equipment	(19,526)
Purchase of long-term prepaid expenses	(825)
Payments of guarantee deposits	(24,708)
Net cash provided by (used in) investing activities	(45,059)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(24,996)
Proceeds from long-term borrowings	100,000
Repayments of long-term borrowings	(53,478)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,600
Other, net	(1,768)
Net cash provided by (used in) financing activities	21,357
Effect of exchange rate change on cash and cash equivalents	39
Net increase (decrease) in cash and cash equivalents	(200,598)
Cash and cash equivalents at beginning of period	875,250
Cash and cash equivalents at end of period	674,651