

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended August 31, 2022 (Based on Japanese GAAP)

October 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: October 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended August 31, 2022 (from December 1, 2021 to August 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended August 31, 2022	1,763	–	(56)	–	(51)	–	(81)	–
Nine months ended August 31, 2021	–	–	–	–	–	–	–	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2022	(61.97)	–
Nine months ended August 31, 2021	–	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2022	1,485	692	44.1
As of November 30, 2021	–	–	–

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 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 attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,384	–	(227)	–	(241)	–	(179)	–	(136.89)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of August 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 August 31, 2022	5,100 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)

Nine months ended August 31, 2022	1,308,612 shares	Nine months ended August 31, 2021	1,159,000 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of August 31, 2022

Assets	
Current assets	
Cash and deposits	747,781
Accounts receivable - trade and contract assets	490,858
Work in process	4,434
Advance payments to suppliers	32,363
Prepaid expenses	19,361
Other	10,500
Total current assets	1,305,300
Non-current assets	
Property, plant and equipment	
Buildings, net	46,784
Tools, furniture and fixtures, net	1,267
Total property, plant and equipment	48,051
Intangible assets	
Software	4,271
Software in progress	6,750
Total intangible assets	11,021
Investments and other assets	
Long-term prepaid expenses	1,416
Deferred tax assets	77,222
Guarantee deposits	42,656
Other	0
Total investments and other assets	121,295
Total non-current assets	180,368
Total assets	1,485,669

(Thousands of yen)

As of August 31, 2022

Liabilities	
Current liabilities	
Accounts payable - trade	124,508
Short-term borrowings	41,666
Current portion of long-term borrowings	85,306
Accrued expenses	105,658
Income taxes payable	24,758
Accrued consumption taxes	40,702
Contract liabilities	65,746
Deposits received	7,733
Provision for bonuses	15,989
Total current liabilities	<u>512,068</u>
Non-current liabilities	
Long-term borrowings	264,695
Asset retirement obligations	16,895
Total non-current liabilities	<u>281,590</u>
Total liabilities	<u>793,658</u>
Net assets	
Shareholders' equity	
Share capital	299,200
Capital surplus	263,669
Retained earnings	109,174
Treasury shares	(17,186)
Total shareholders' equity	<u>654,857</u>
Share acquisition rights	317
Non-controlling interests	36,835
Total net assets	<u>692,010</u>
Total liabilities and net assets	<u>1,485,669</u>

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)
	Nine months ended
	August 31, 2022
Net sales	1,763,017
Cost of sales	1,404,696
Gross profit	358,320
Selling, general and administrative expenses	414,682
Operating loss	(56,362)
Non-operating income	
Interest income	6
Surrender value of insurance policies	14,798
Other	1,664
Total non-operating income	16,469
Non-operating expenses	
Interest expenses	2,653
Going public expenses	1,768
Foreign exchange losses	6,646
Other	262
Total non-operating expenses	11,331
Ordinary loss	(51,224)
Loss before income taxes	(51,224)
Income taxes - current	13,544
Income taxes - deferred	9,707
Total income taxes	23,251
Loss	(74,475)
Profit attributable to non-controlling interests	6,615
Loss attributable to owners of parent	(81,091)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2022
Loss	(74,475)
Comprehensive income	(74,475)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(81,091)
Comprehensive income attributable to non-controlling interests	6,615