

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Year Ended November 30, 2022 (Based on Japanese GAAP)

January 13, 2023

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 of ordinary general meeting of shareholders: February 28, 2023  
 Scheduled date to file Securities Report: February 28, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended November 30, 2022 (from December 1, 2021 to November 30, 2022)

#### (1) Consolidated operating results

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	%
Year ended November 30, 2022	2,398	–	(187)	–	(187)	–	(209)	–
Year ended November 30, 2021	–	–	–	–	–	–	–	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended November 30, 2022	(160.60)	–	–	(12.5)	(7.8)
Year ended November 30, 2021	–	–	–	–	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2022	1,500	481	29.6	347.19
As of November 30, 2021	–	–	–	–

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended November 30, 2022	(251)	19	204	847
Year ended November 30, 2021	–	–	–	–

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended November 30, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ended November 30, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ending November 30, 2023 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending November 30, 2023 (from December 1, 2022 to November 30, 2023)

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	3,277	36.6	192	–	182	–	116	–	91.04

4. Notes

- (1) Changes in significant subsidiaries during the year ended November 30, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): 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 November 30, 2022	1,309,800 shares	As of November 30, 2021	1,309,000 shares
-------------------------	------------------	-------------------------	------------------

Number of treasury shares at the end of the period

As of November 30, 2022	29,800 shares	As of November 30, 2021	– shares
-------------------------	---------------	-------------------------	----------

Average number of shares during the period

Year ended November 30, 2022	1,301,459 shares	Year ended November 30, 2021	1,171,500 shares
------------------------------	------------------	------------------------------	------------------

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

As of November 30, 2022

Assets	
Current assets	
Cash and deposits	847,454
Accounts receivable - trade and contract assets	397,931
Work in process	362
Advance payments to suppliers	25,644
Prepaid expenses	35,537
Other	11,010
Total current assets	1,317,941
Non-current assets	
Property, plant and equipment	
Buildings, net	41,529
Tools, furniture and fixtures, net	734
Total property, plant and equipment	42,264
Intangible assets	
Software	11,378
Total intangible assets	11,378
Investments and other assets	
Long-term prepaid expenses	1,320
Deferred tax assets	84,455
Guarantee deposits	43,138
Other	0
Total investments and other assets	128,913
Total non-current assets	182,556
Total assets	1,500,497

(Thousands of yen)

As of November 30, 2022

Liabilities	
Current liabilities	
Accounts payable - trade	123,127
Short-term borrowings	29,165
Current portion of long-term borrowings	142,788
Accrued expenses	185,573
Income taxes payable	18,086
Accrued consumption taxes	37,785
Contract liabilities	65,465
Deposits received	7,072
Provision for bonuses	148
Total current liabilities	609,212
Non-current liabilities	
Long-term borrowings	396,379
Asset retirement obligations	13,202
Total non-current liabilities	409,581
Total liabilities	1,018,793
Net assets	
Shareholders' equity	
Share capital	299,200
Capital surplus	263,669
Retained earnings	(18,753)
Treasury shares	(99,713)
Total shareholders' equity	444,403
Share acquisition rights	317
Non-controlling interests	36,983
Total net assets	481,703
Total liabilities and net assets	1,500,497

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended November 30, 2022
Net sales	2,398,915
Cost of sales	1,962,455
Gross profit	436,459
Selling, general and administrative expenses	623,985
Operating loss	(187,526)
Non-operating income	
Interest income	7
Surrender value of insurance policies	14,798
Other	2,089
Total non-operating income	16,895
Non-operating expenses	
Interest expenses	3,934
Going public expenses	1,768
Foreign exchange losses	9,841
Other	1,124
Total non-operating expenses	16,668
Ordinary loss	(187,299)
Extraordinary losses	
Loss on retirement of non-current assets	3,867
Total extraordinary losses	3,867
Loss before income taxes	(191,166)
Income taxes - current	8,613
Income taxes - deferred	2,474
Total income taxes	11,088
Loss	(202,255)
Profit attributable to non-controlling interests	6,763
Loss attributable to owners of parent	(209,019)

## Consolidated statements of comprehensive income

	(Thousands of yen)
	Fiscal year ended November 30, 2022
Loss	(202,255)
Comprehensive income	(202,255)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(209,019)
Comprehensive income attributable to non-controlling interests	6,763

## Consolidated statements of changes in equity

Fiscal year ended November 30, 2022

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of period	298,400	262,869	190,266	–	751,535	317	–	751,852
Changes during period								
Issuance of new shares	800	800			1,600			1,600
Loss attributable to owners of parent			(209,019)		(209,019)			(209,019)
Purchase of treasury shares				(99,713)	(99,713)			(99,713)
Net changes in items other than shareholders' equity							36,983	36,983
Total changes during period	800	800	(209,019)	(99,713)	(307,132)	–	36,983	(270,148)
Balance at end of period	299,200	263,669	(18,753)	(99,713)	444,403	317	36,983	481,703

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2022
<b>Cash flows from operating activities</b>	
Loss before income taxes	(191,166)
Depreciation	8,901
Amortization of goodwill	8,587
Interest income	(7)
Surrender value of insurance policies	(14,798)
Interest expenses	3,934
Foreign exchange losses (gains)	(67)
Loss on retirement of non-current assets	3,867
Decrease (increase) in trade receivables	(132,689)
Decrease (increase) in inventories	1,420
Increase (decrease) in trade payables	42,905
Increase (decrease) in provision for bonuses	148
Going public expenses	1,768
Increase (decrease) in contract liabilities	23,411
Decrease (increase) in advance payments to suppliers	6,410
Increase (decrease) in accrued expenses	54,344
Increase (decrease) in accrued consumption taxes	(5,859)
Increase (decrease) in income taxes payable - factor based tax	(7,683)
Decrease (increase) in other assets	(28,436)
Increase (decrease) in other liabilities	318
Subtotal	<u>(224,690)</u>
Interest received	7
Interest paid	(4,070)
Income taxes paid	(23,818)
Income taxes refund	680
Net cash provided by (used in) operating activities	<u>(251,891)</u>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(28,898)
Purchase of intangible assets	(1,390)
Proceeds from cancellation of insurance funds	14,798
Payments of guarantee deposits	(25,190)
Purchase of long-term prepaid expenses	(825)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	61,303
Net cash provided by (used in) investing activities	<u>19,797</u>
<b>Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	(8,337)
Proceeds from long-term borrowings	420,000
Repayments of long-term borrowings	(107,551)
Purchase of treasury shares	(99,713)
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	<u>204,230</u>
Effect of exchange rate change on cash and cash equivalents	67
Net increase (decrease) in cash and cash equivalents	<u>(27,795)</u>
Cash and cash equivalents at beginning of period	<u>875,250</u>
Cash and cash equivalents at end of period	<u>847,454</u>