

Translation

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Summary of Consolidated Financial Results for the Three Months Ended February 28, 2023 (Based on Japanese GAAP)

April 14, 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 to file Quarterly Securities Report: April 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended February 28, 2023 (from December 1, 2022 to February 28, 2023)

(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	%
Three months ended February 28, 2023	675	–	(96)	–	(93)	–	(106)	–
Three months ended February 28, 2022	–	–	–	–	–	–	–	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended February 28, 2023	(82.95)	–
Three months ended February 28, 2022	–	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2023	1,602	377	21.1
As of November 30, 2022	1,500	481	29.6

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, 2022	–	0.00	–	0.00	0.00
Year ending November 30, 2023	–	–	–	–	–
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 three months ended February 28, 2023
(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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- 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 February 28, 2023	1,309,800 shares	As of November 30, 2022	1,309,800 shares
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Number of treasury shares at the end of the period

As of February 28, 2023	29,800 shares	As of November 30, 2022	29,800 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended February 28, 2023	1,280,000 shares	Three months ended February 28, 2022	1,309,000 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	847,454	680,306
Accounts receivable - trade and contract assets	397,931	414,865
Work in process	362	4,428
Advance payments to suppliers	25,644	25,909
Prepaid expenses	35,537	48,503
Other	11,010	10,207
Total current assets	1,317,941	1,184,220
Non-current assets		
Property, plant and equipment		
Buildings, net	41,529	40,131
Tools, furniture and fixtures, net	734	2,103
Total property, plant and equipment	42,264	42,235
Intangible assets		
Software	11,378	10,151
Goodwill	–	244,047
Total intangible assets	11,378	254,199
Investments and other assets		
Long-term prepaid expenses	1,320	1,223
Deferred tax assets	84,455	77,567
Guarantee deposits	43,138	43,138
Other	0	0
Total investments and other assets	128,913	121,929
Total non-current assets	182,556	418,363
Total assets	1,500,497	1,602,583

(Thousands of yen)

	As of November 30, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	123,127	101,343
Short-term borrowings	29,165	116,664
Current portion of long-term borrowings	142,788	160,290
Accrued expenses	185,573	152,241
Income taxes payable	18,086	6,128
Accrued consumption taxes	37,785	30,726
Contract liabilities	65,465	64,650
Deposits received	7,072	9,833
Provision for bonuses	148	32,271
Total current liabilities	609,212	674,150
Non-current liabilities		
Long-term borrowings	396,379	437,756
Asset retirement obligations	13,202	13,204
Long-term accounts payable - other	–	100,000
Total non-current liabilities	409,581	550,960
Total liabilities	1,018,793	1,225,110
Net assets		
Shareholders' equity		
Share capital	299,200	299,200
Capital surplus	263,669	263,669
Retained earnings	(18,753)	(124,926)
Treasury shares	(99,713)	(99,713)
Total shareholders' equity	444,403	338,230
Share acquisition rights	317	317
Non-controlling interests	36,983	38,925
Total net assets	481,703	377,473
Total liabilities and net assets	1,500,497	1,602,583

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

Consolidated statements of income (cumulative)

	(Thousands of yen)
	Three months ended February 28, 2023
Net sales	675,065
Cost of sales	535,955
Gross profit	139,110
Selling, general and administrative expenses	236,075
Operating loss	(96,964)
Non-operating income	
Interest income	3
Foreign exchange gains	4,640
Other	612
Total non-operating income	5,256
Non-operating expenses	
Interest expenses	1,858
Other	92
Total non-operating expenses	1,951
Ordinary loss	(93,659)
Loss before income taxes	(93,659)
Income taxes - current	3,683
Income taxes - deferred	6,887
Total income taxes	10,570
Loss	(104,230)
Profit attributable to non-controlling interests	1,942
Loss attributable to owners of parent	(106,173)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended February 28, 2023
Loss	(104,230)
Comprehensive income	(104,230)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(106,173)
Comprehensive income attributable to non-controlling interests	1,942