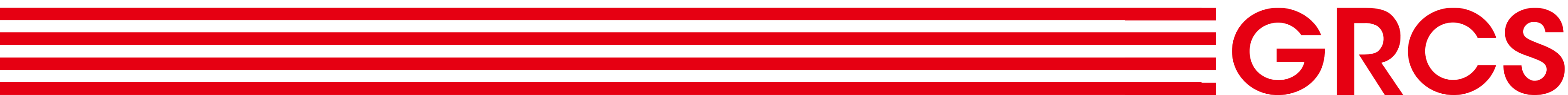


First Three Months of Fiscal Year ending November 30, 2023 (FY2023)

Financial Results Briefing

GRCS Inc. Securities code: 9250

April 14, 2023



Accelerate Evolution

Corporate Mission

Keep challenging, keep evolving.

That is only natural.

Accelerate evolution and drive the future. That is the mission of GRCS.

Tech Makes It Simple

Corporate Vision

Exchange ideas, combine technologies

and work together with people of diverse backgrounds

to make the increasingly intricate world more visible and familiar.

Realize a borderless and seamless society—is what we aim to achieve.

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2. Full-year Earnings Forecast
3. Progress in Growth Strategy
4. Company Overview

1. Financial Results for First Three Months of FY2023

Executive Summary

Business environment

- Outsourcing management, increased inquiries with high DX demand for data utilization
- Personal data, global company transactions, tightening of domestic telecom regulations
- Start new transactions with training services, raising awareness of ESG management

Financial results

- Net sales: **675 million yen** (+29.3% year on year)
- Operating profit: **-96 million yen** (-6 million yen year on year)

Actions take in Q1 FY2023

- **Acquisition** of financial technology business to reduce costs
- Developed **2 major securities firms** and **2 major insurance companies** as new customers
- Steady **reskilling** of personnel from Valurate acquired through M&A last year

Summary of Financial Results

Net sales	Continued strong upselling to existing clients, increased transactions with new clients
Profit margin	Reduced cost of sales by taking over financial technology business, improved gross profit margin to the same level as the previous fiscal year
Other	Proceeding largely as planned against the full- year earnings forecast

(Millions of yen)	FY2022 Q1	FY2023 Q1	Change amount	Change ratio	FY2023 forecast	Progress ratio
Net sales	522	675	152	29.3%	3,277	20.6%
Gross profit	110	139	28	25.8%	—	—
Gross profit margin	21.2%	20.6%	—	(0.6pt)	—	—
Selling, general and administrative expenses	117	236	118	101.0%	—	—
Operating profit (loss)	(6)	(69)	(90)	—	192	—
Ordinary profit (loss)	(9)	(93)	(83)	—	182	—
Profit attributable to owners of parent	(6)	(106)	(99)	—	116	—

Summary Comparison (Quarterly Trends)

Y-o-Y

Acquisitions of Valurate as consolidated subsidiary in Q1 FY2022, and of financial technology business in Q1 FY2023

Q-o-Q

Gross profit increased and gross profit margin improved due to business transfer

Other

Recording 29 million yen as amortization of goodwill and advisory expenses due to business transfer in Q1 FY2023

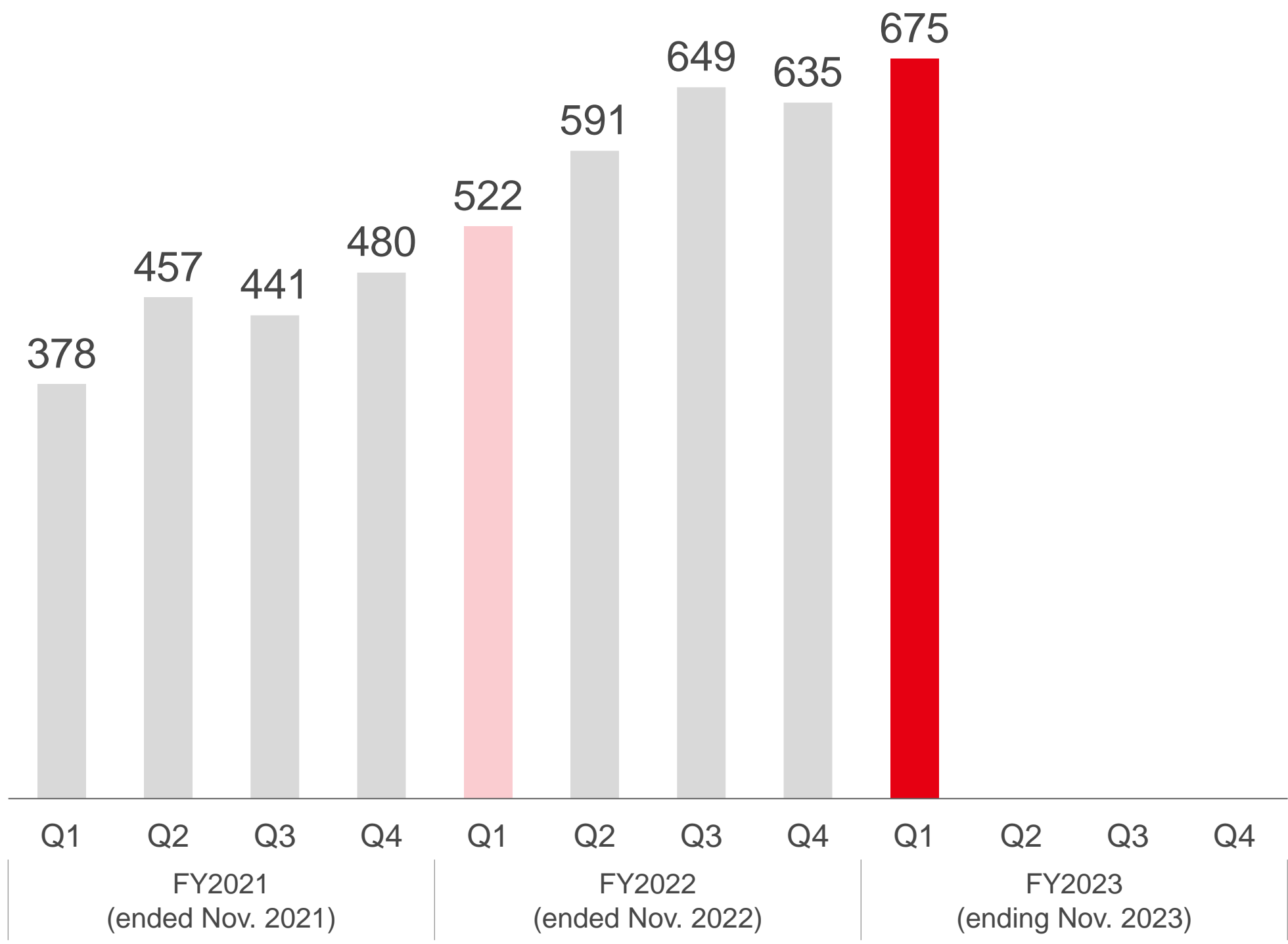
(Millions of yen)	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	Year on Year change
Net sales	522	591	649	635	675	29.3%
Gross profit	110	127	120	78	139	25.8%
Gross profit margin	21.2%	21.6%	18.5%	12.3%	20.6%	(0.6pt)
Selling, general and administrative expenses	117	130	166	209	236	101.0%
Operating profit (loss)	(6)	(3)	(46)	(131)	(96)	—
Ordinary profit (loss)	(9)	(6)	(34)	(136)	(93)	—
Profit attributable to owners of parent	(6)	(5)	(69)	(127)	(106)	—

Trends in Net Sales

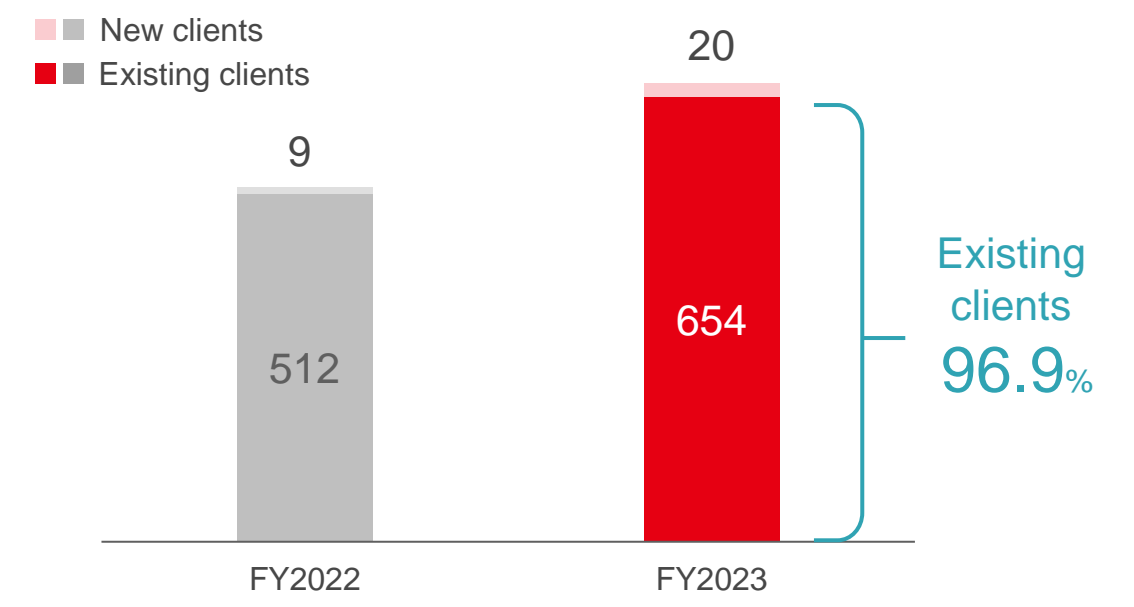
Steady sales growth thanks to upselling to existing clients

YoY
+29.3%

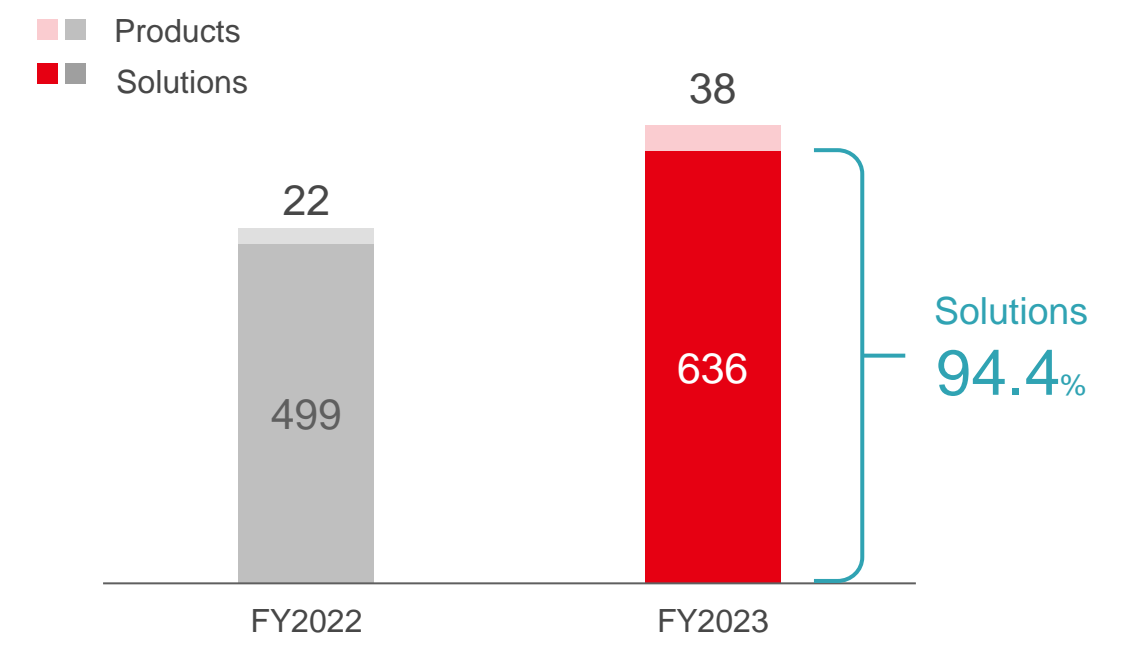
(Millions of yen)



Existing clients and new clients (Millions of yen)

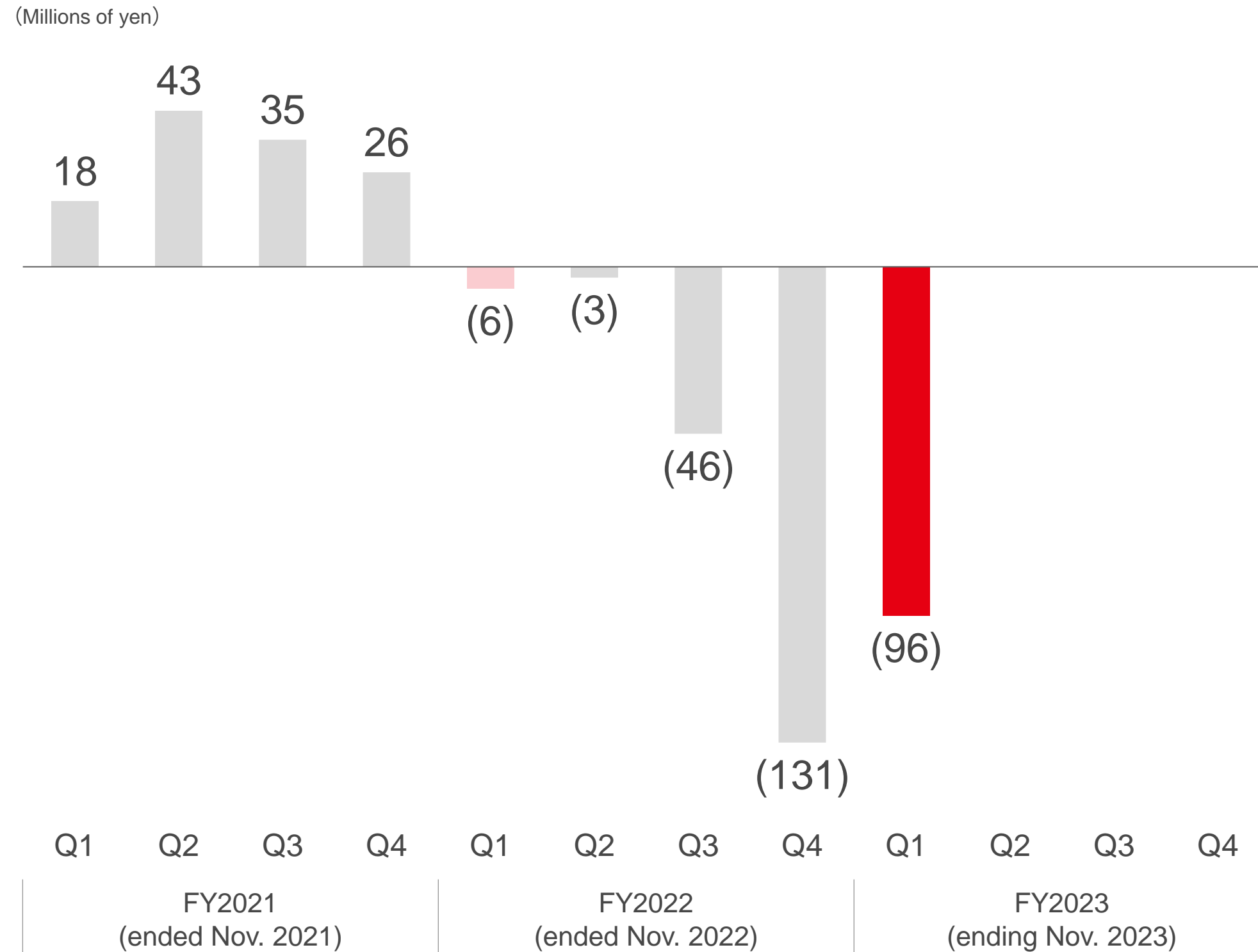


Solutions and products (Millions of yen)

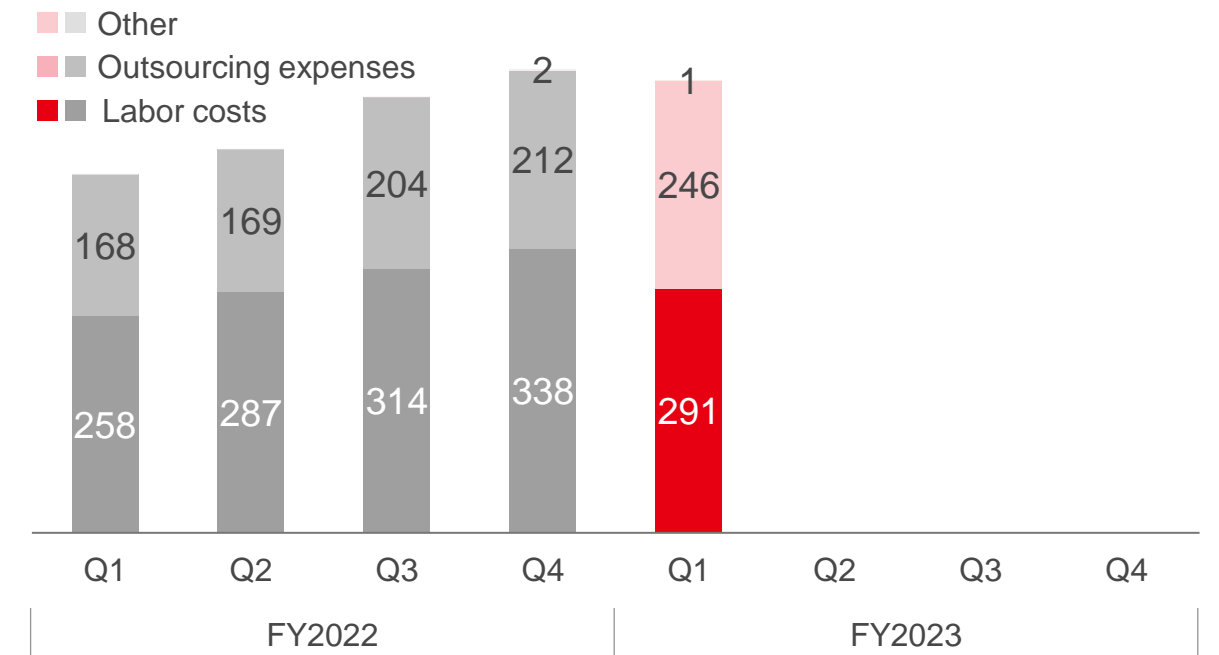


Trends in Operating Profit

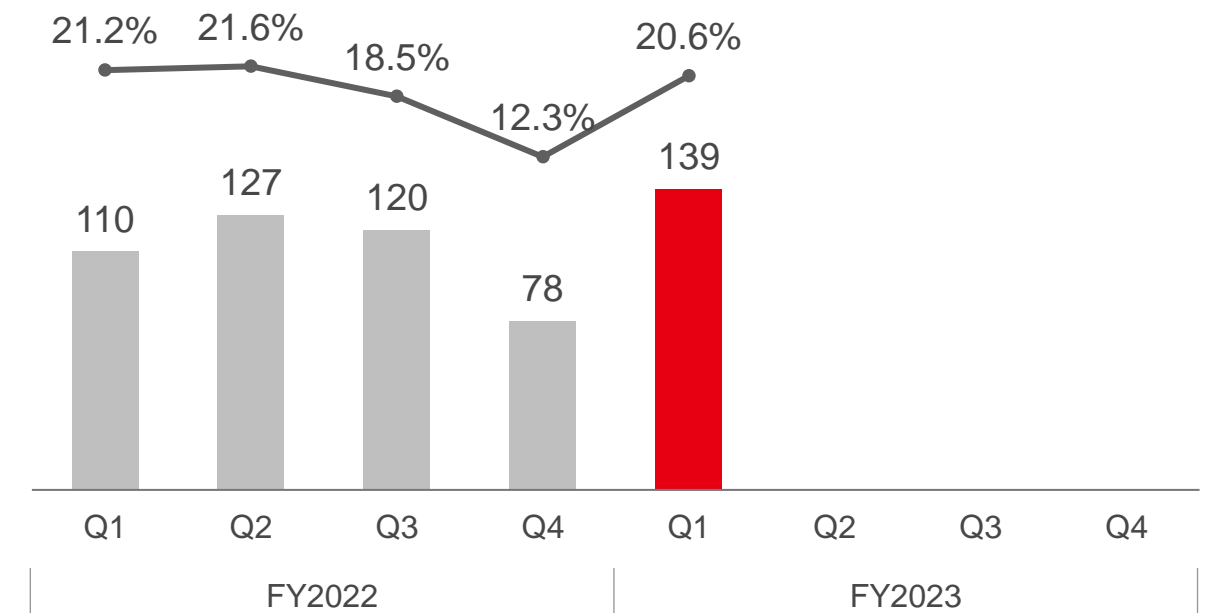
Transition from investing phase in financial technology business to **profit recovery**



Cost of sales (Millions of yen)

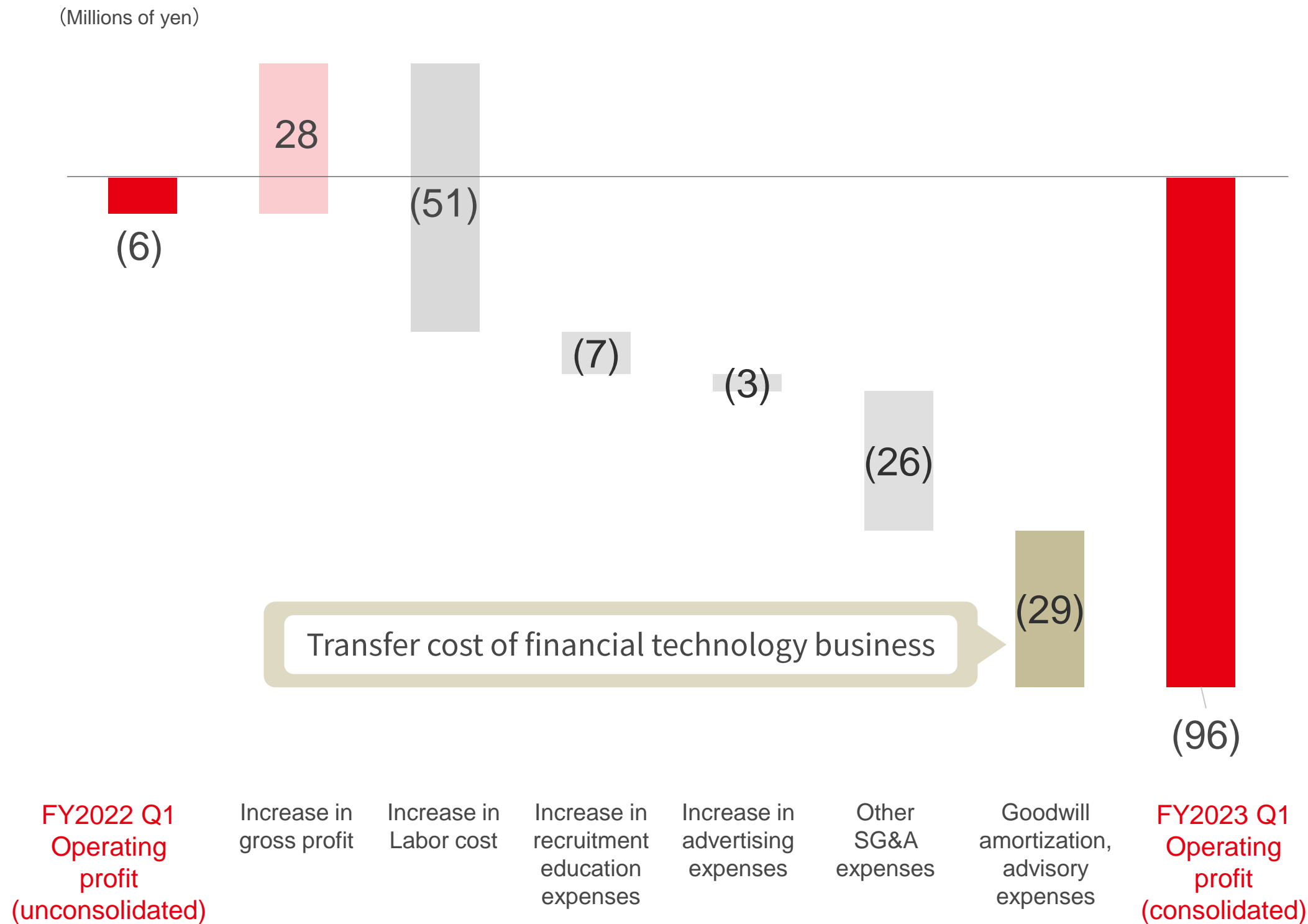


Gross profit/gross profit margin (Millions of yen)

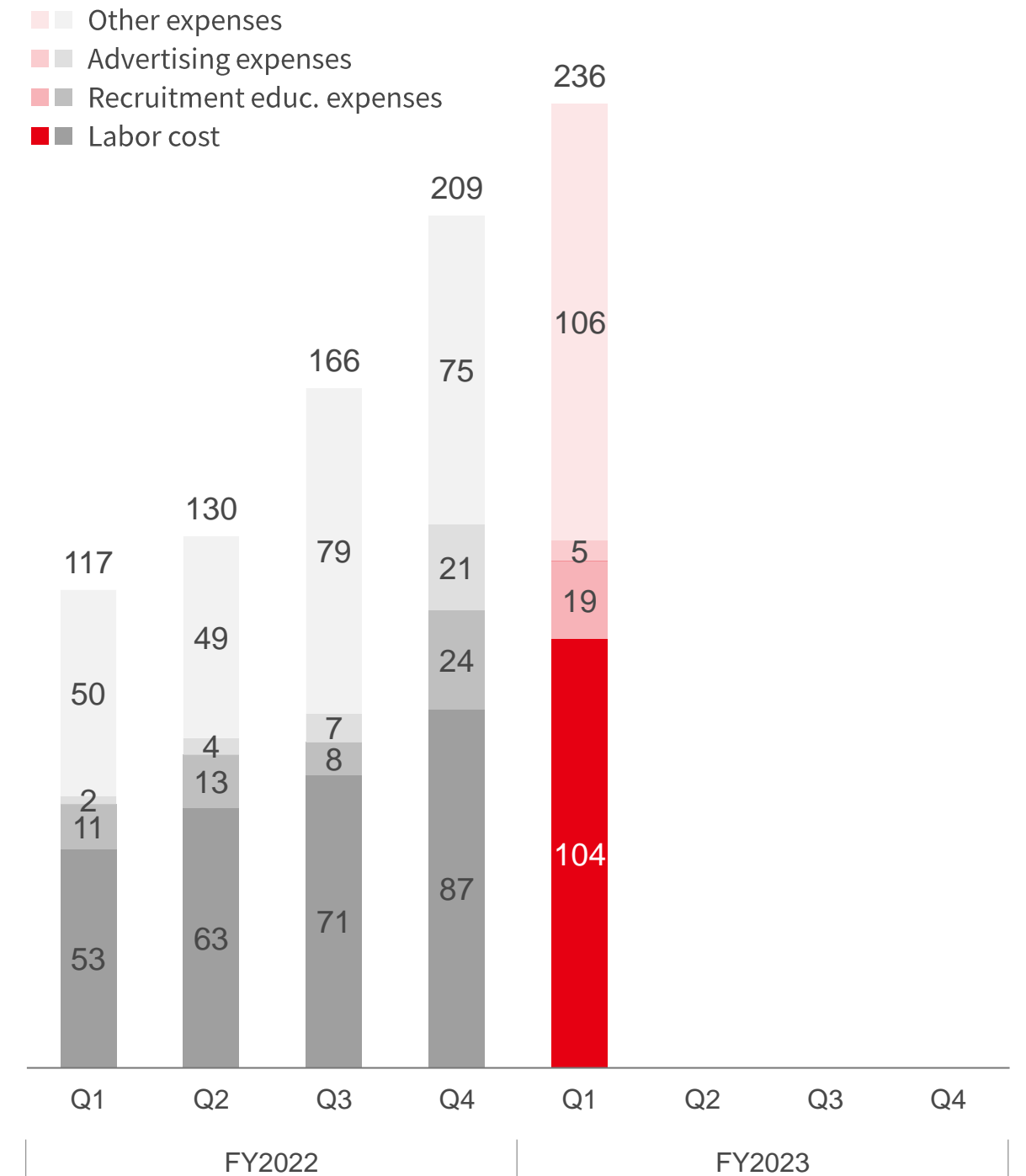


Analysis of Operating Profit Change

Increase in back-office personnel and cost increase due to increased personnel

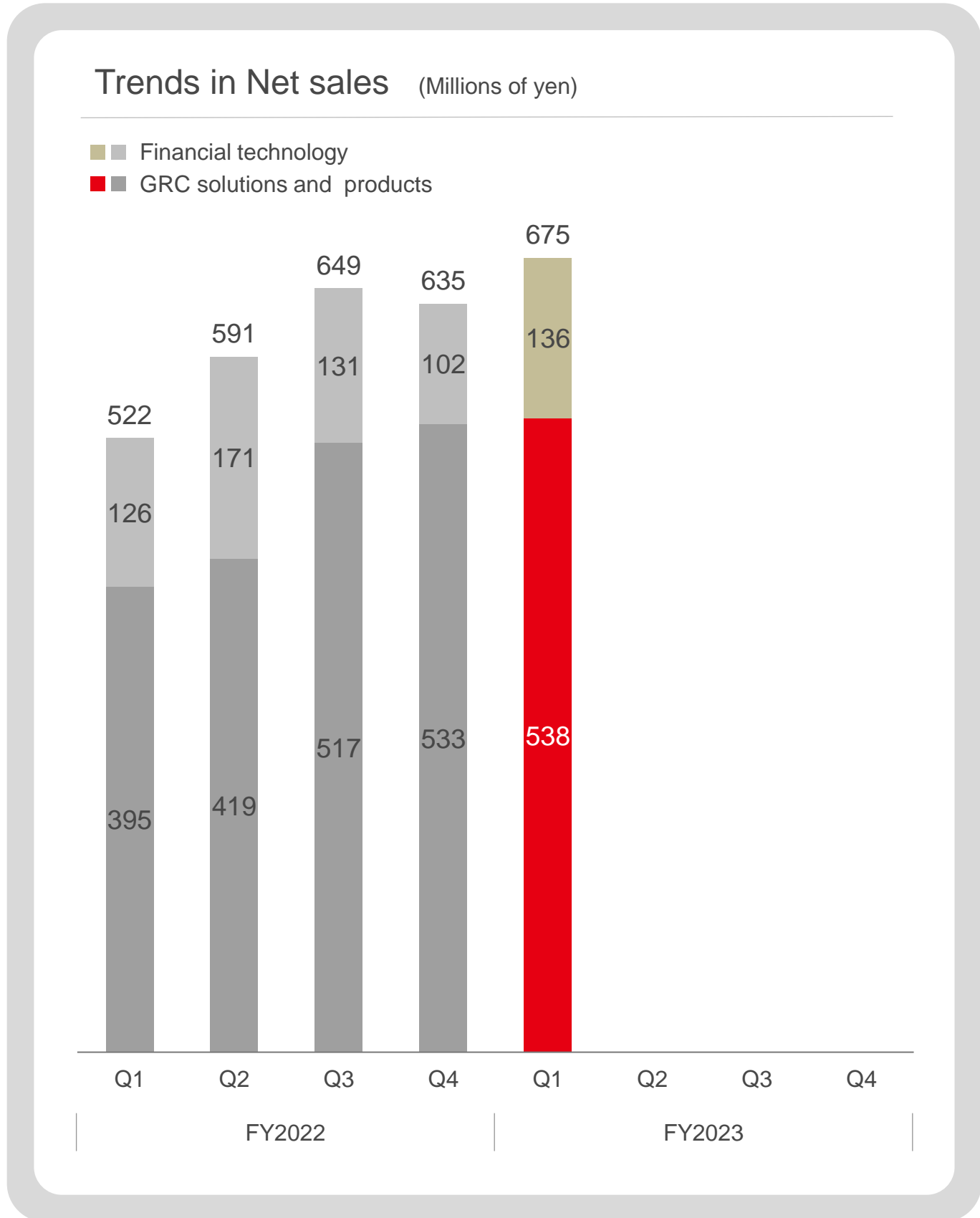
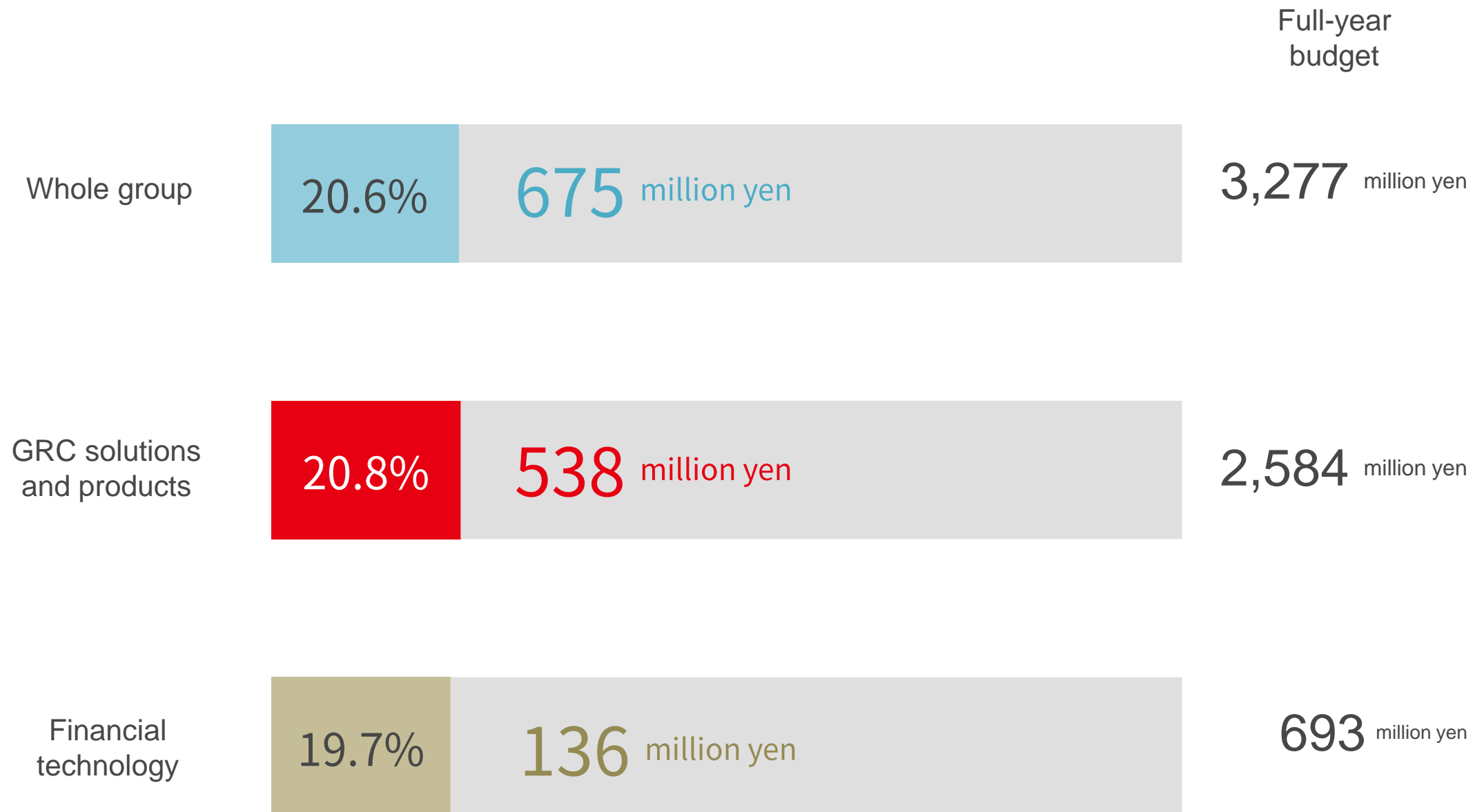


Selling, general and administrative expenses (Millions of yen)



Net Sales Progress

Approximately 20% progress in Q1, largely as planned for the 2H weighted budget



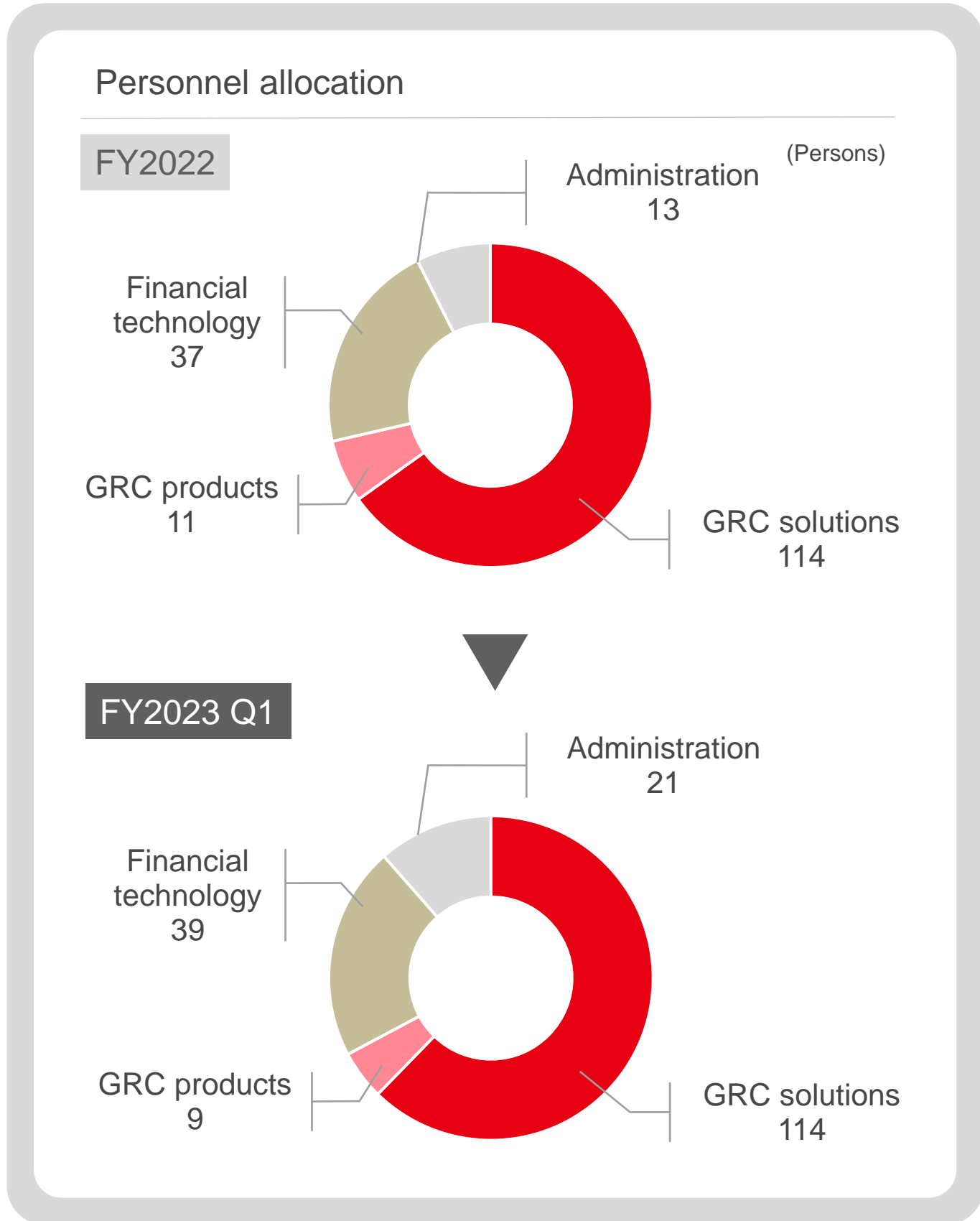
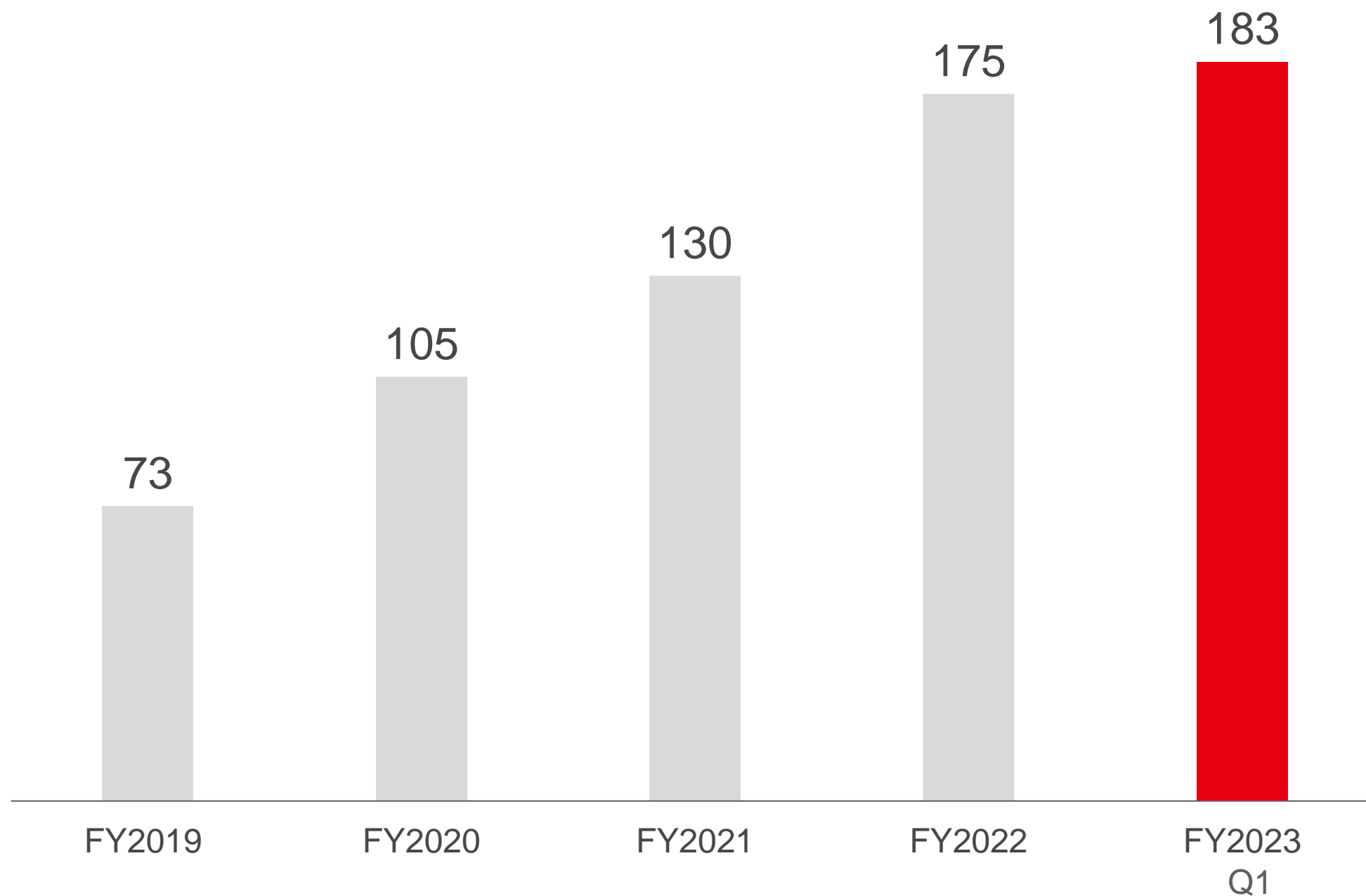
Headcount Trends

Increase in back-office personnel due to the establishment of HR Development Department etc.

(Persons)

Change from the end of FY2022

+8 persons



2. Full-year Earnings Forecast

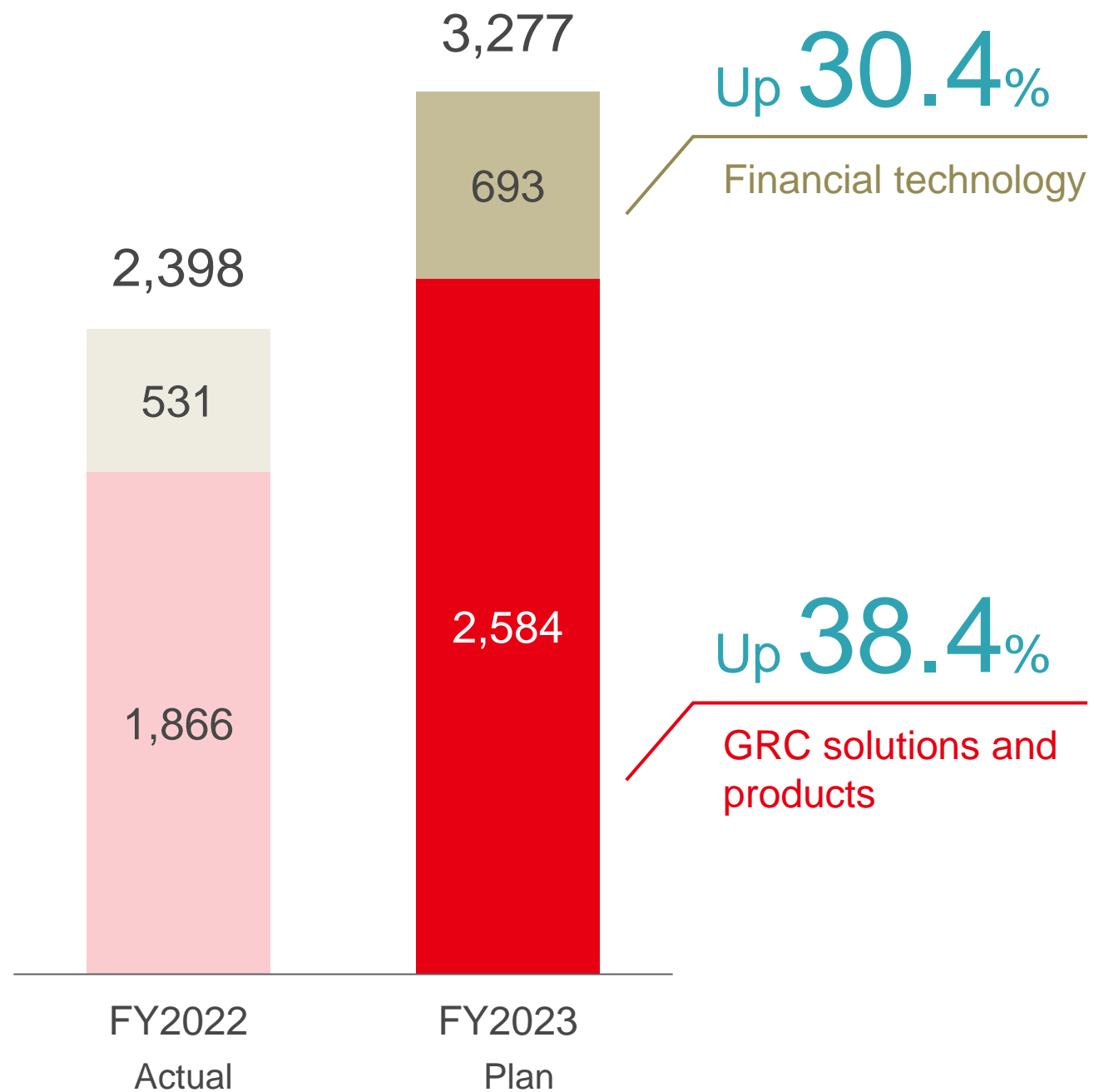
Full-Year Earnings Forecast for the FY2023 ending November 30, 2023

- Net sales** Increase net sales as companies continuously heighten their mindset for risk management, and focus on cultivating new clients for the financial technology business
- Profit margin** Anticipate the financial technology business to become profitable by improving its earnings structure and profit margin through business acquisition
- Other** Assume an increase in hiring, education and training expenses due to establishment of HR Development Department, and an increase in personnel expenses associated with the establishment of Solution Strategy Department

(Millions of yen)	FY2022	Composition ratio	FY2023 forecast	Composition ratio	Year on year change
Net sales	2,398	100.0%	3,277	100.0%	36.6%
Operating profit	(187)	(7.8%)	192	5.9%	-
Ordinary profit (loss)	(187)	(7.8%)	182	5.6%	-
Profit (loss) attributable to owners of parent	(209)	(8.7%)	116	3.6%	-

Key Measures for FY2023

Net sales (Millions of yen)



Key measures

Financial technology

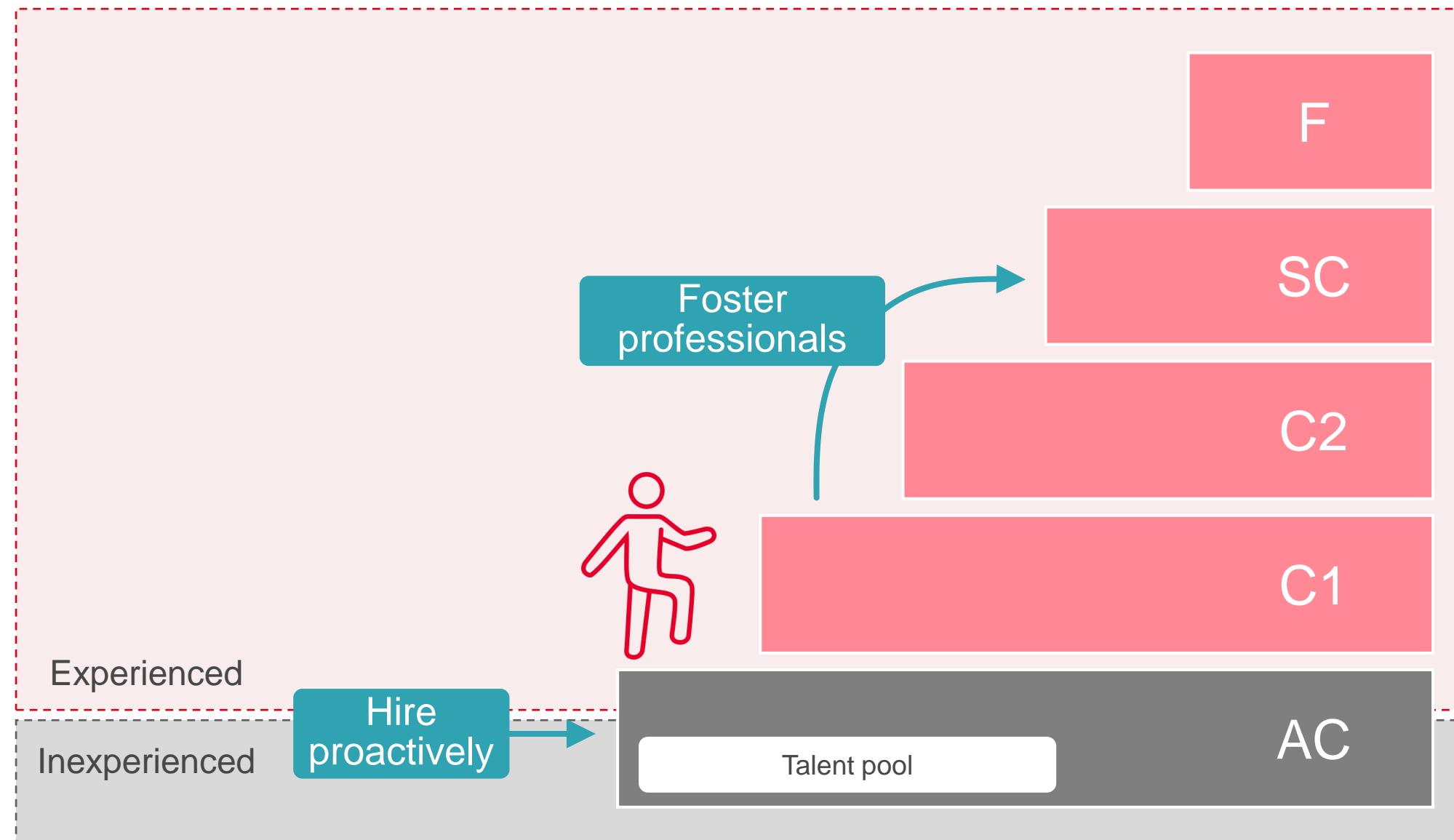
- ✓ Cultivate the 7 major companies with which transactions are anticipated to expand
- ✓ Acquire new clients by offering AML services
- ✓ Implement services that are anticipated to generate recurring revenue
- ✓ Improve earnings structure through business acquisition

GRC solutions and products

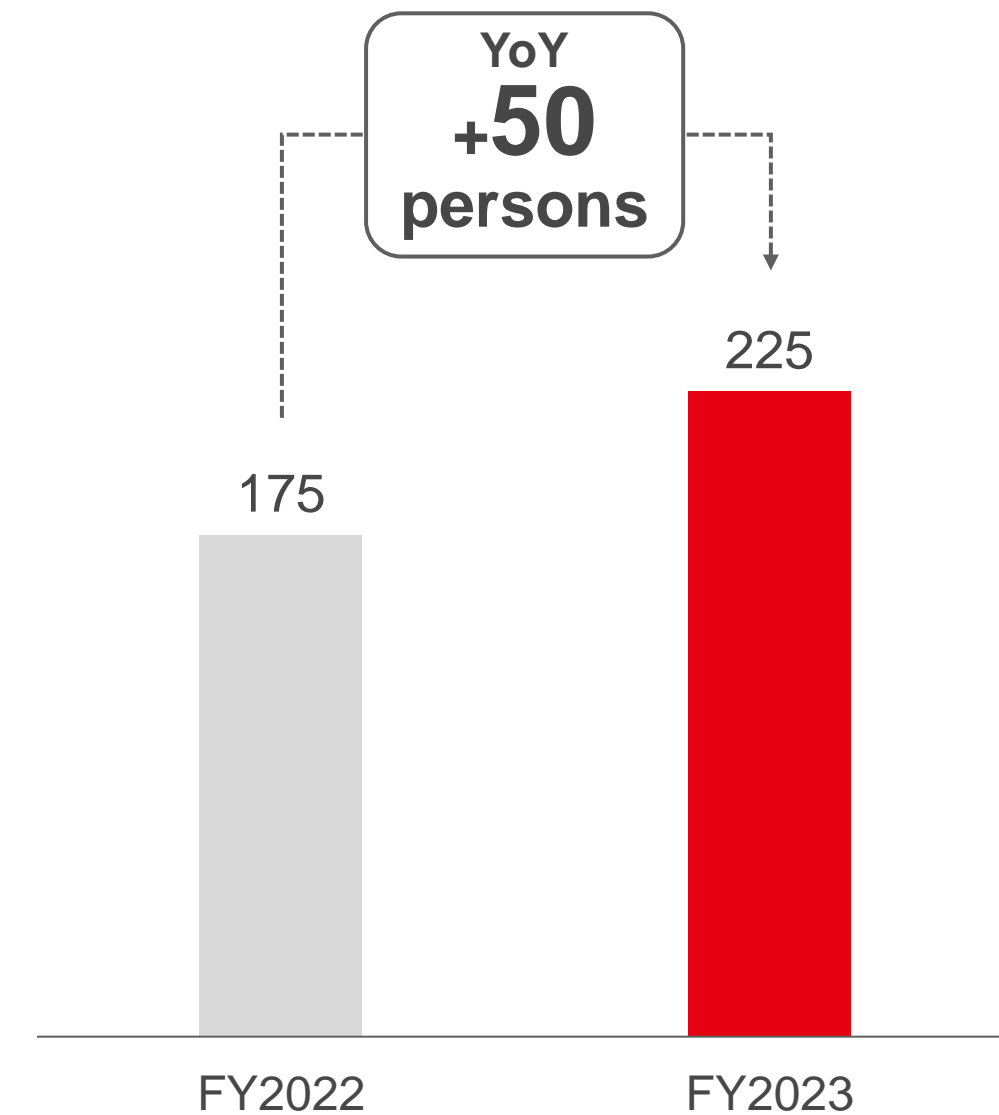
- ✓ Devise new solutions
- ✓ Reinforce hiring and fostering of human resources
- ✓ Expand partnerships with outsourcing parties
- ✓ Strengthen the brand power of in-house products

Reinforce Hiring and Fostering of Human Resources

- ✓ Newly establish **HR Development Department** for the purpose of reinforcing hiring and fostering talents, in an effort to identify the right person for the right job and achieve higher service quality
- ✓ Evaluate specialists by job level and **structure the process of hiring and fostering them**
- ✓ Proactively hire talents of C1 and AC levels and foster them to specialists

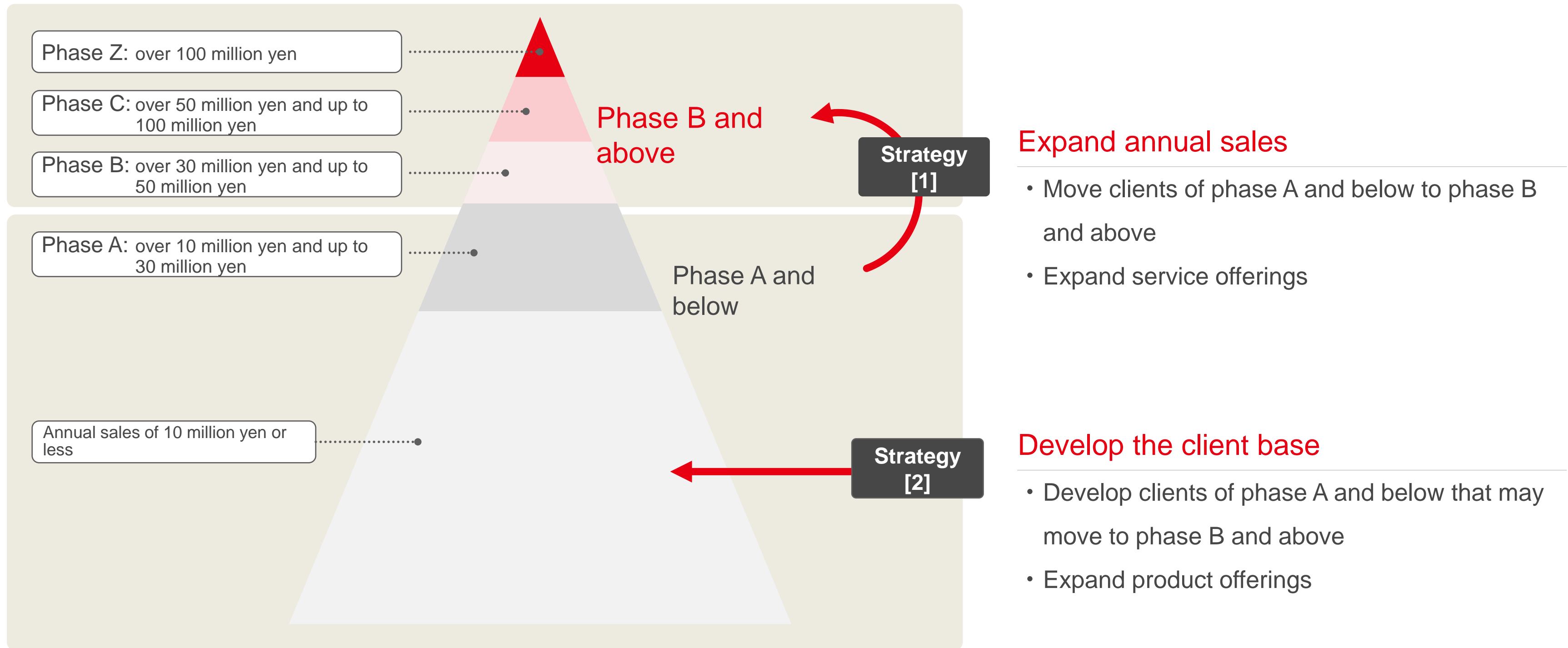


Headcount plan (Persons)



3. Progress in Growth Strategy

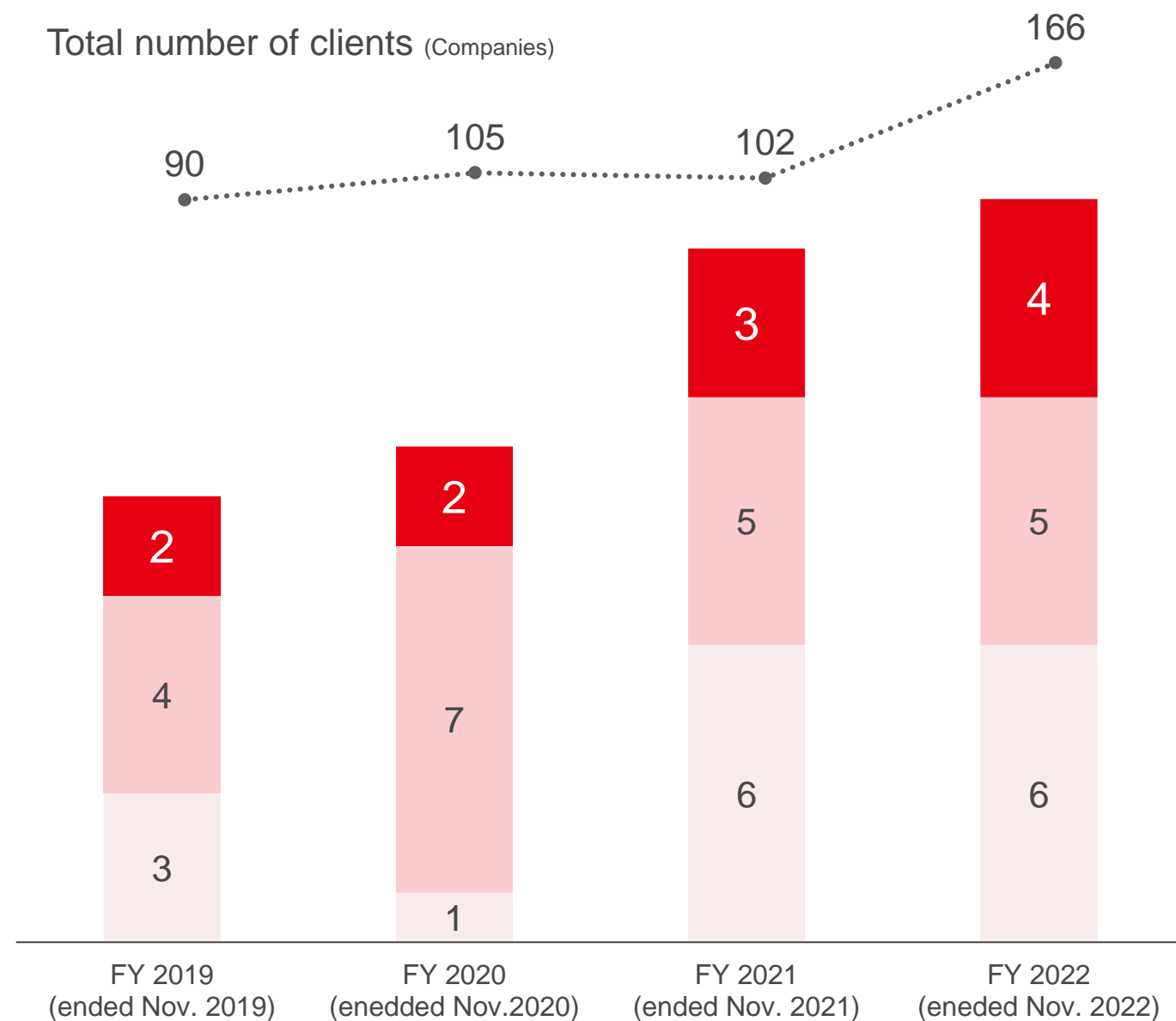
Overview of Growth Strategy



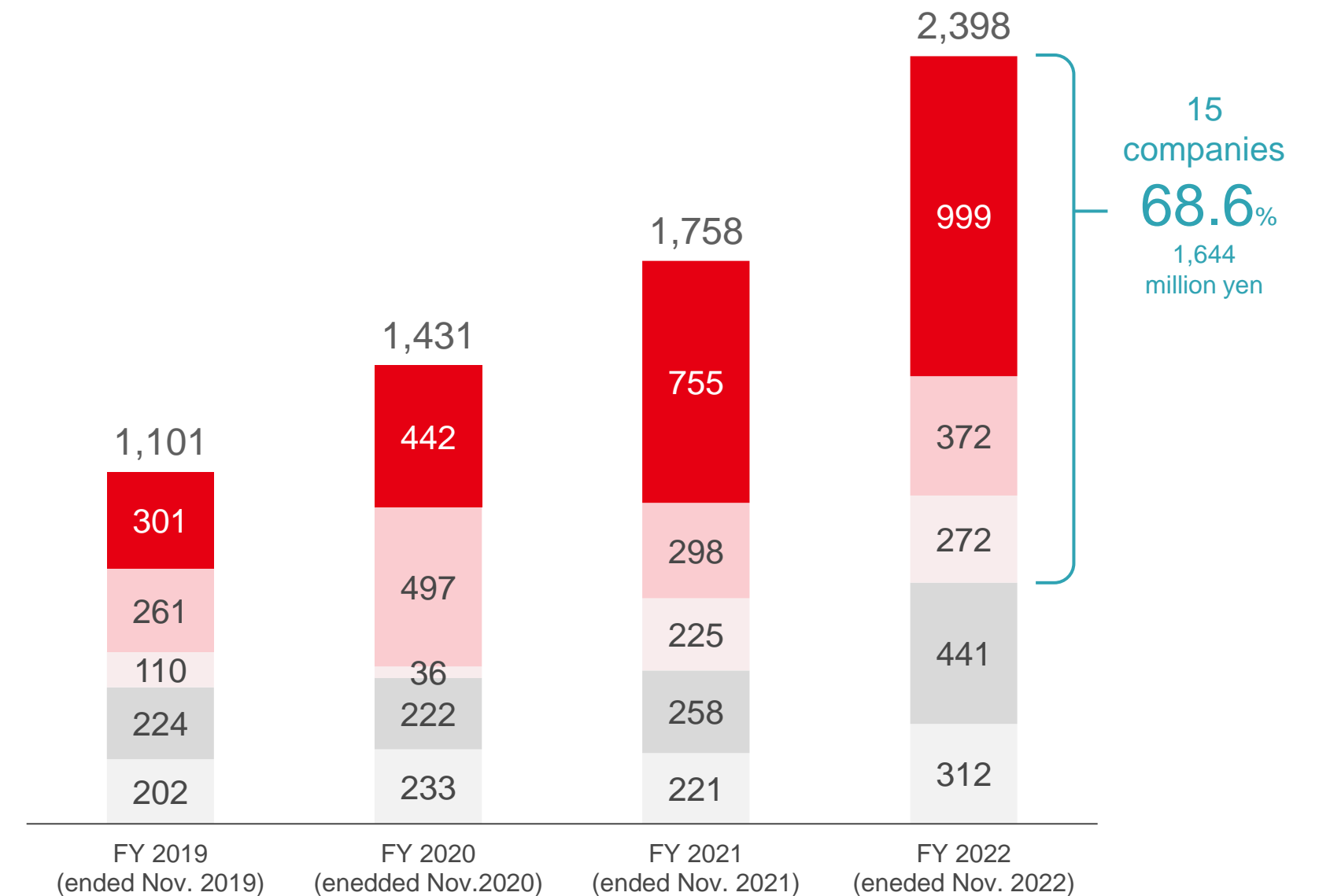
Sales by Phased Client

- ✓ Focus on upselling as there are many existing clients with whom annual transaction volume may grow to 30 million yen or more
- ✓ The number of clients increased through M&A of Valurate Co., Ltd.

Number of clients at phase B and above (Companies)







Composition ratio by phase (Millions of yen)



■ Phase Z: over 100 million yen
 ■ Phase C: over 50 million yen and up to 100 million yen
 ■ Phase B: over 30 million yen and up to 50 million yen
■ Phase A: over 10 million yen and up to 30 million yen
 ■ 10 million yen and below

Targets by Industry

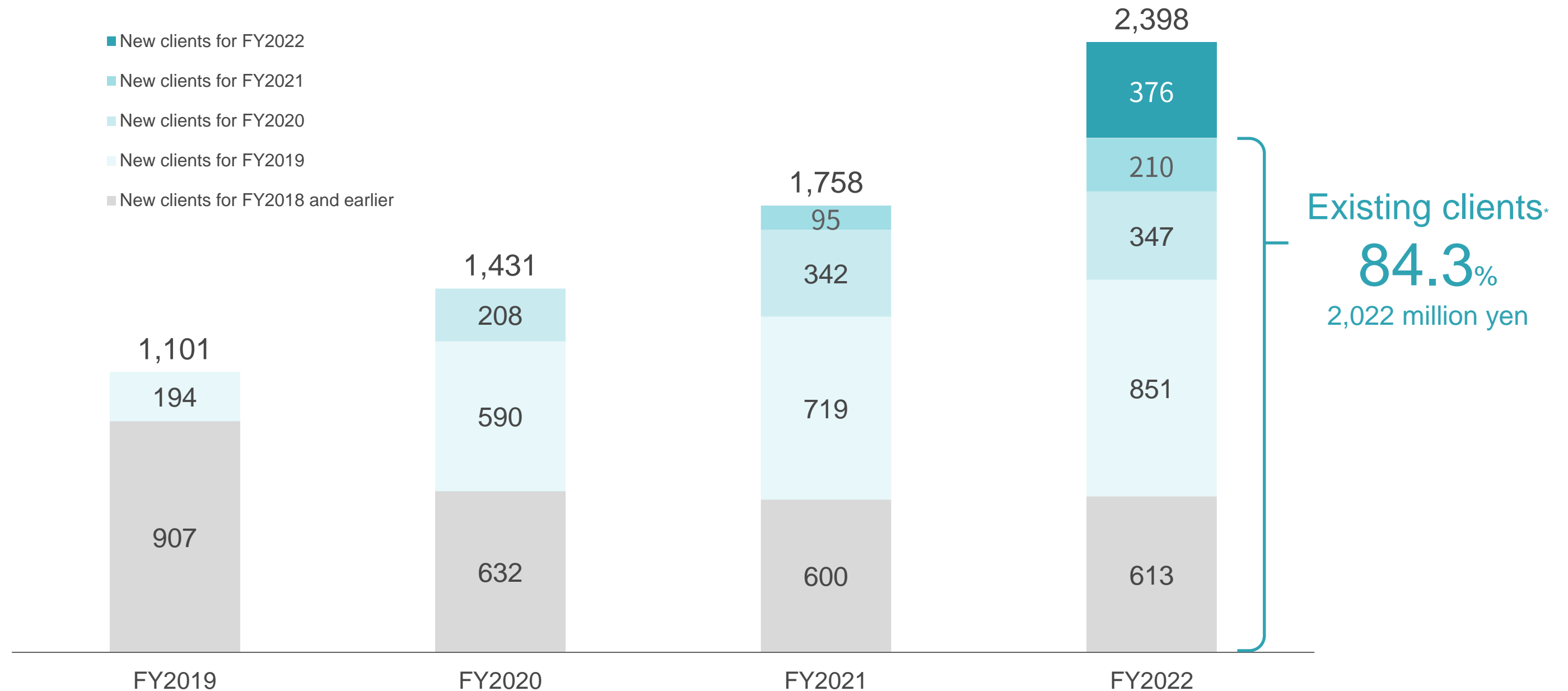
- ✓ Continue to focus on **financial, telecom and global companies** with increasingly apparent demand
- ✓ Even among clients of phase A and below, companies that are within our target range have already emerged

			Financial 	Telecom 	Global 	Others 
Phase Z (over 100 million yen)	4 companies	999 million yen	1 company	1 company	1 company	1 company
Phase C (over 50 million yen and up to 100 million yen)	5 companies	372 million yen	1 company	1 company	1 company	2 companies
Phase B (over 30 million yen and up to 50 million yen)	6 companies	272 million yen	1 company	0 company	2 companies	3 companies
Phase A (over 10 million yen and up to 30 million yen)	22 companies	441 million yen	1 company	0 company	7 companies	14 companies
Annual sales of 10 million yen or less	129 companies	312 million yen	129 companies			

Earnings Structure to Materialize High Growth Potential and Achieve Stability

- ✓ Net sales steadily increased due to upselling to new clients acquired in each fiscal year
- ✓ Continue operation support as an earnings base and build up projects to meet new client needs
- ✓ The earnings structure is a **stock-based model** and similar to a **recurring model**

Trends in sales to new clients (millions of yen)

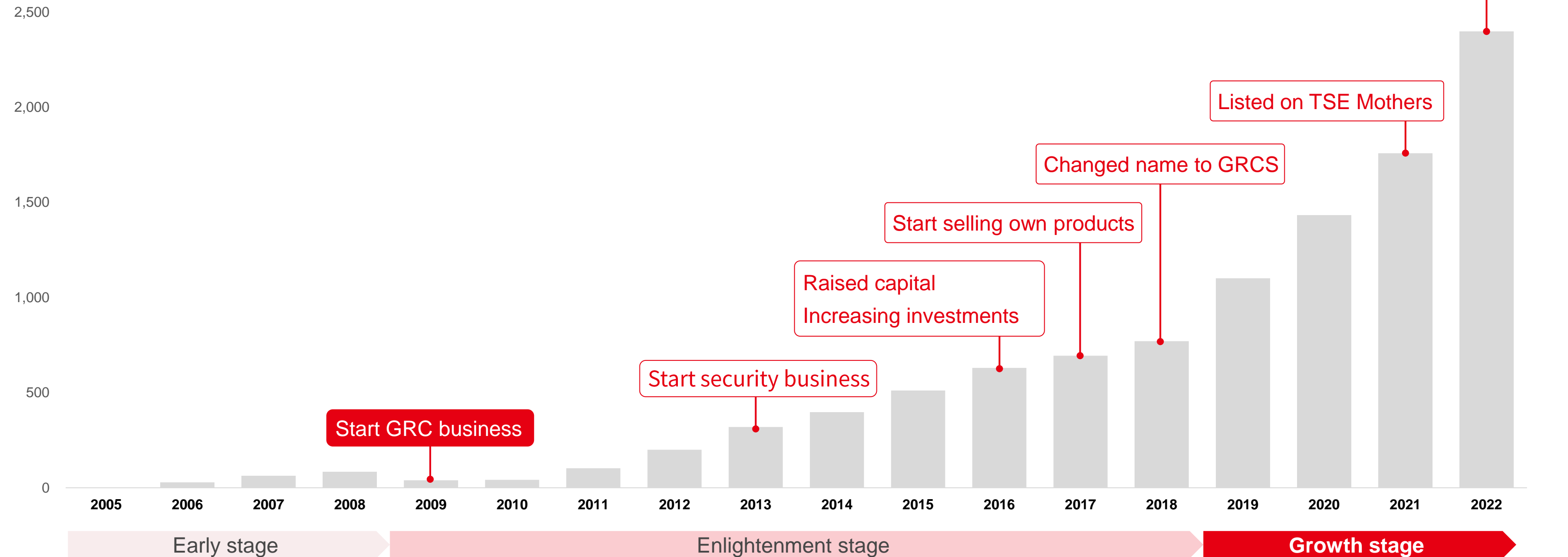


4. Company Overview

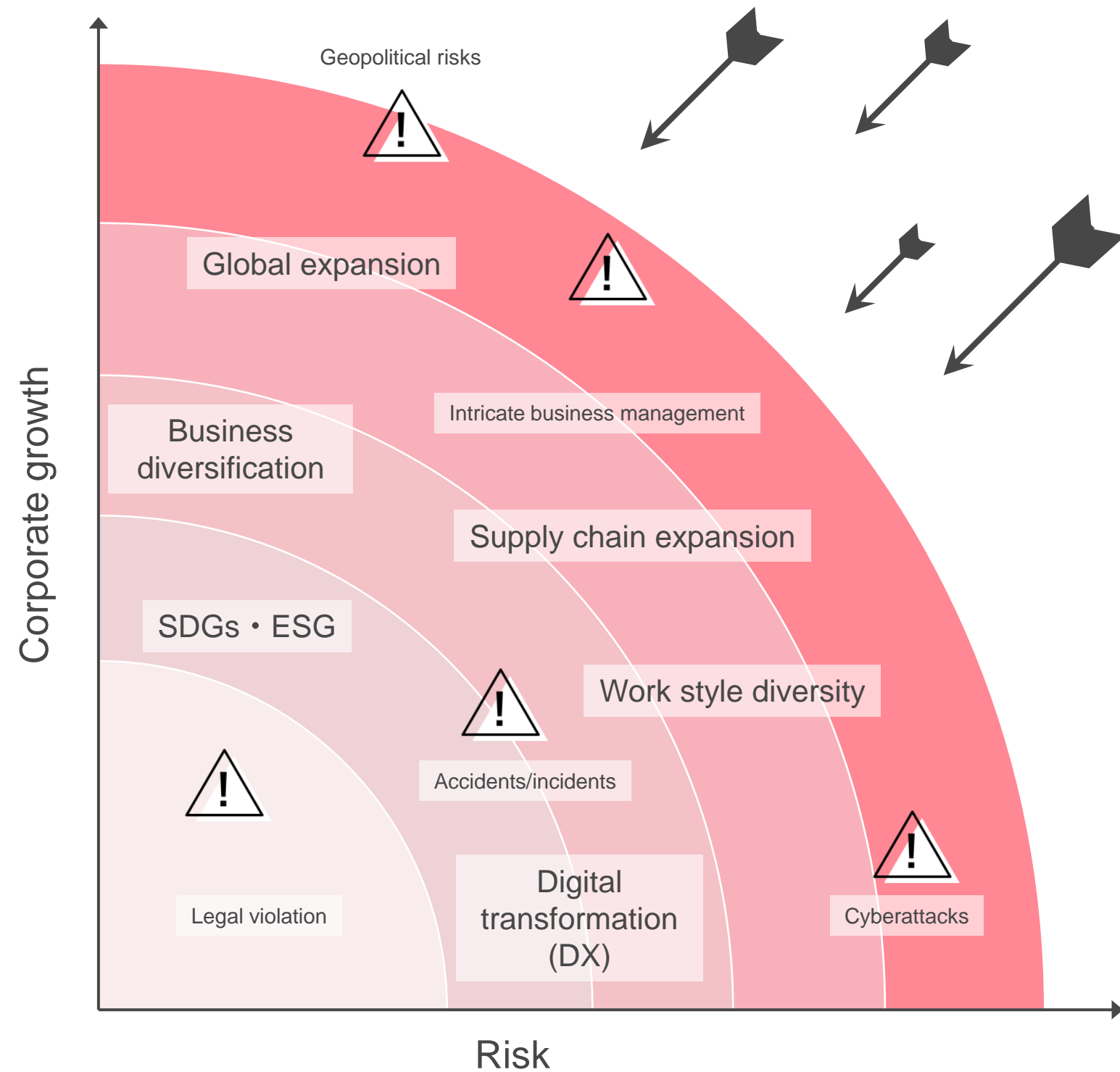
History

- ✓ Combining know-how accumulated over 10 years as a pioneer in GRC business with security solutions, rapid growth along with the expansion of market
- ✓ After listing, expanded business through M&A and start of financial technology business

Net sales (Millions of yen)



Landscape for Japanese Companies

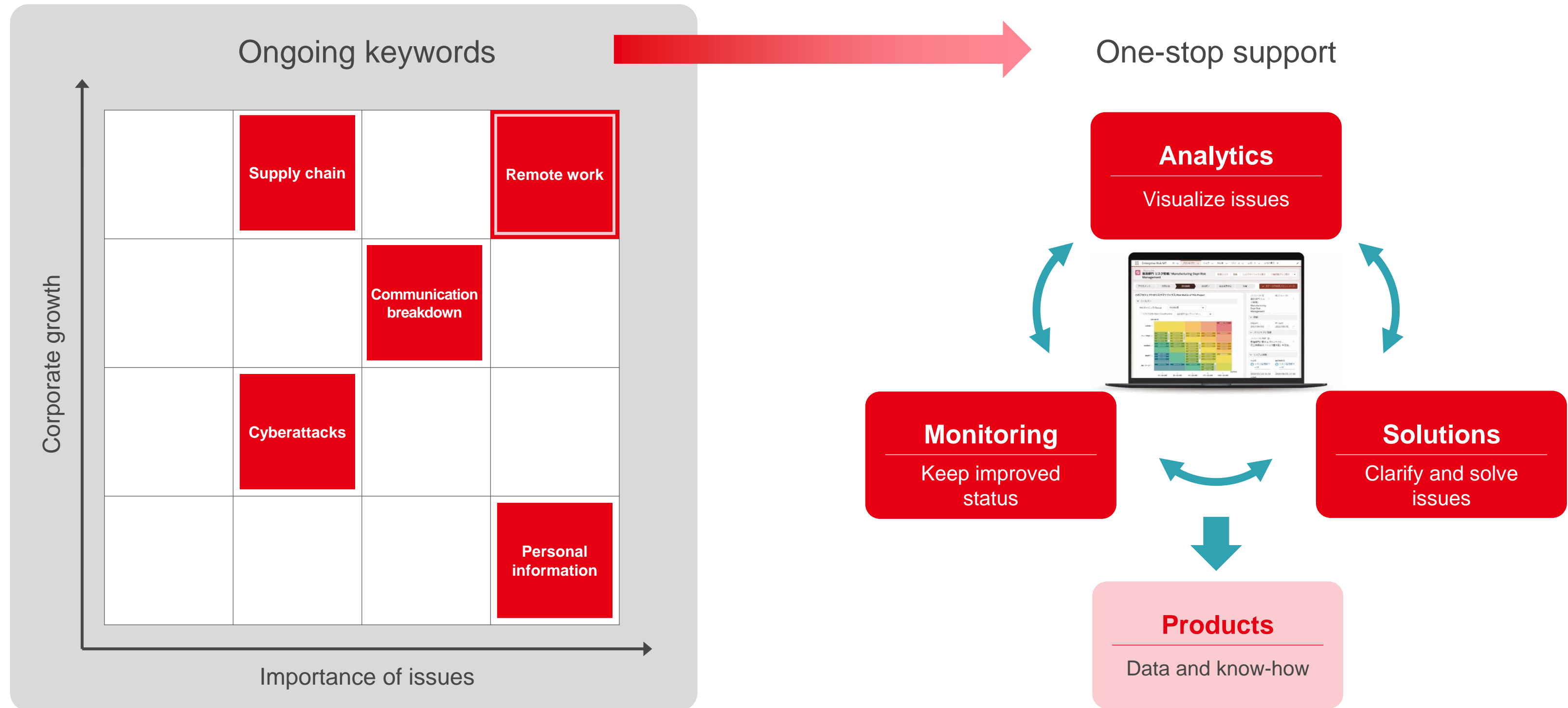


Firms are exposed to more risks as they grow
Japanese companies are inadequately organized to protect themselves
 GRCS helps businesses grow **most efficiently** by reducing risks

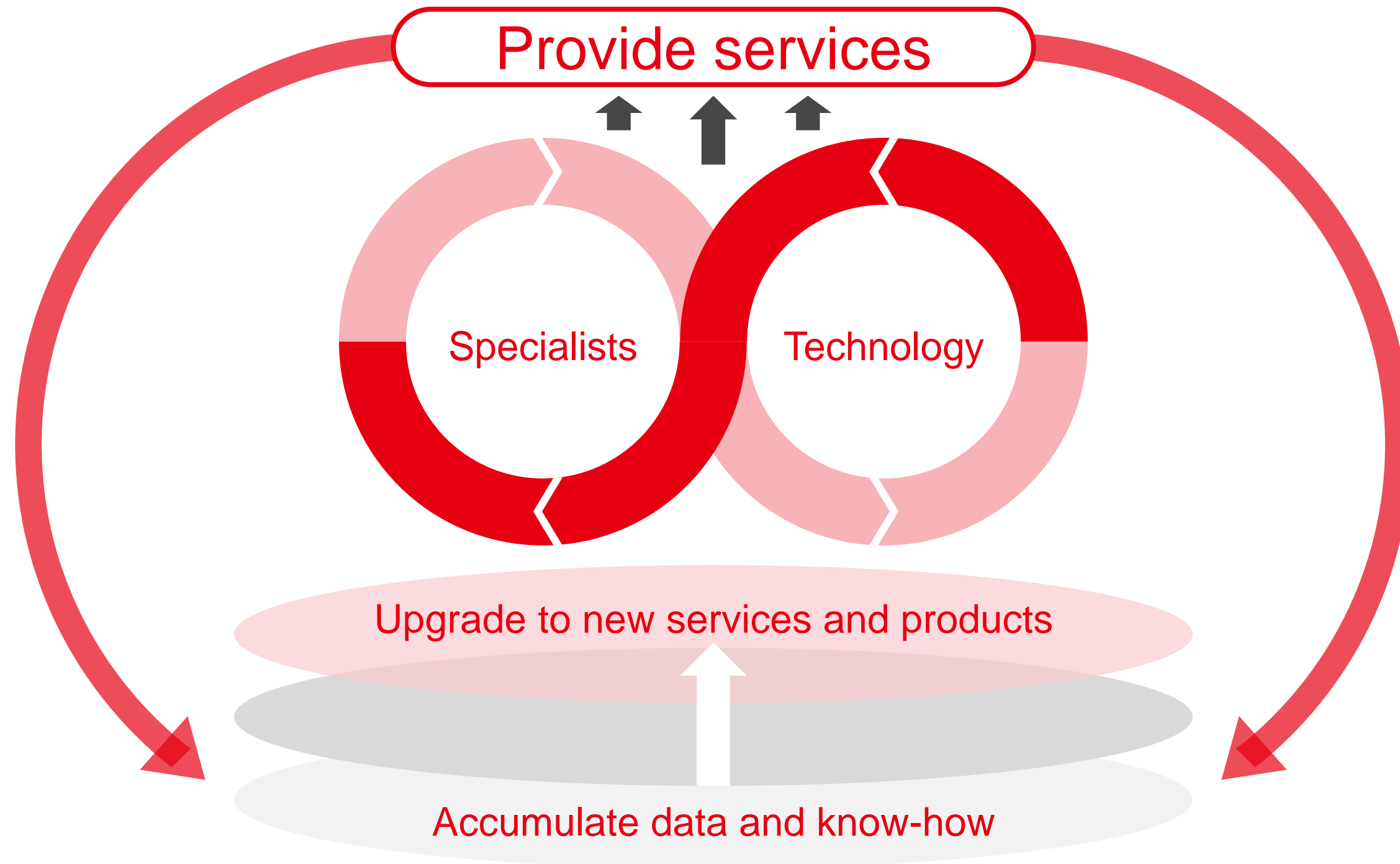
- G** Establish governance frameworks
- R** Reinforce risk management
- C** Enhance compliance mindset
- S** Support security measures

Areas and Scheme of Service Provision by GRCS

- ✓ Utilize products for more efficient enterprise information management and sharing ⇒ Visualize business issues
- ✓ Provide one-stop support to analyze/solve issues and improve on them ⇒ Create more projects through continuous PDCA cycles



How GRCS Provides Services



- ✓ About 100 in-house **specialists**
- ✓ A leading **GRC specialist company** in Japan
- ✓ Track record of **over 10 years**
- ✓ **Once-stop service provider**

Make Things Simpler - To What Degree?

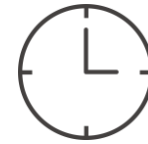


Make things simpler with the power of specialists and technology

Conventional in-house system

After adopting GRCS' services

Takes time to acknowledge risk information



Visualize risk status

Tied up with collecting and compiling information
No time for analysis and countermeasures



Focus on analysis and countermeasures instead of compilation

Obsolete risk information still used
Accuracy of the information unconfirmed



Keep the information updated

Reporting made by Excel files or at meetings



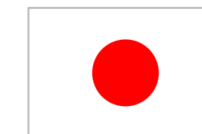
Enable checking at any time and anywhere through cloud services

Market Environment

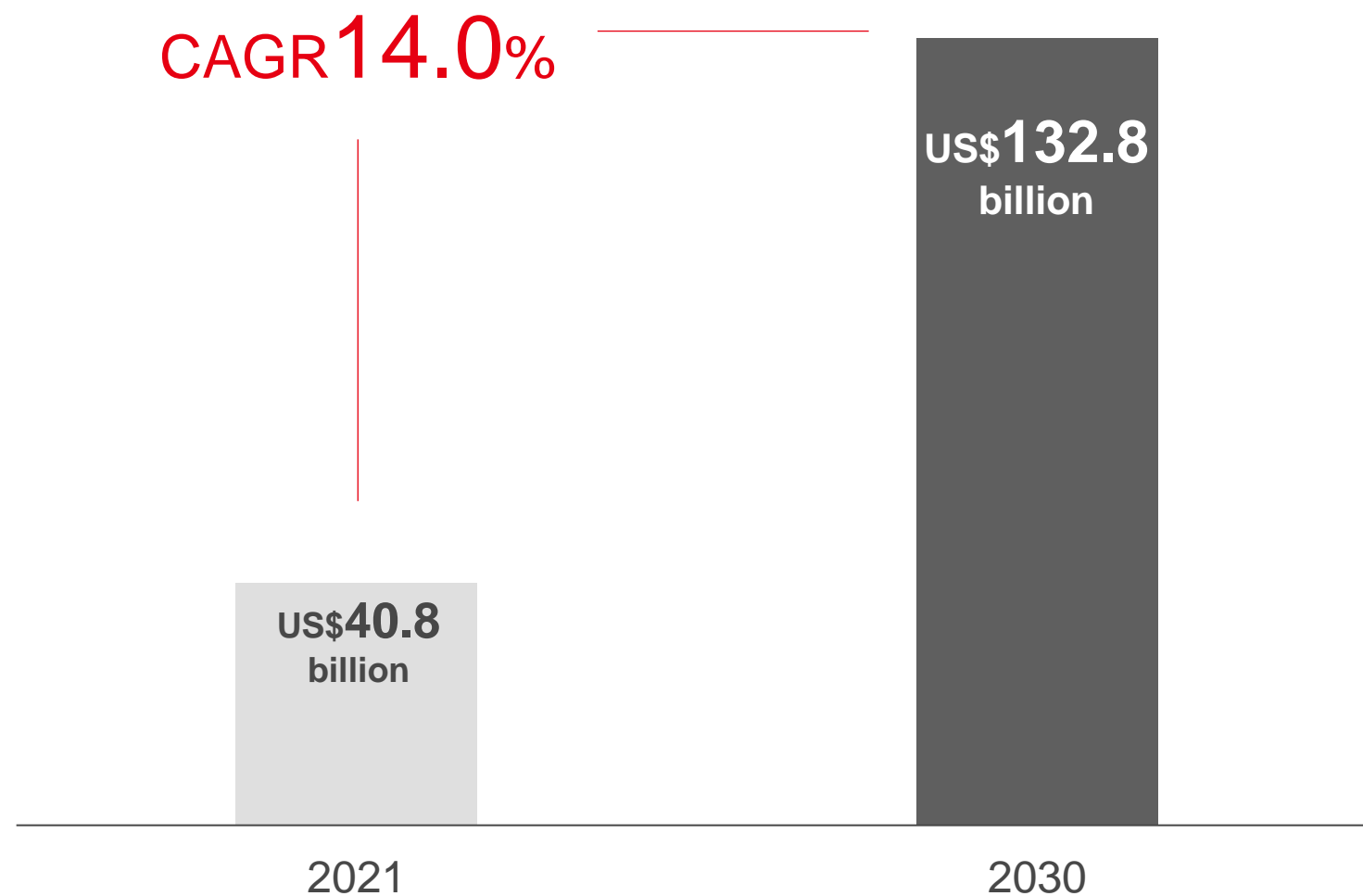
- ✓ No numerical figure is yet available for the domestic GRC market, but GRC and security controls are a pressing issue for Japanese companies
- ✓ The global GRC market is forecast to grow by 14.0% annually on average; similar growth is anticipated for Japan



Global GRC market*



Growth of Japanese GRC market



To catch up with the Western market, where GRC frameworks are already set in motion in business management, the Japanese market is **likely to grow at a faster speed**



Competitive Environment

- ✓ GRCS is the only company in Japan specialized in protecting enterprise management
- ✓ Develop and offer services with an eye to Japan-based global companies

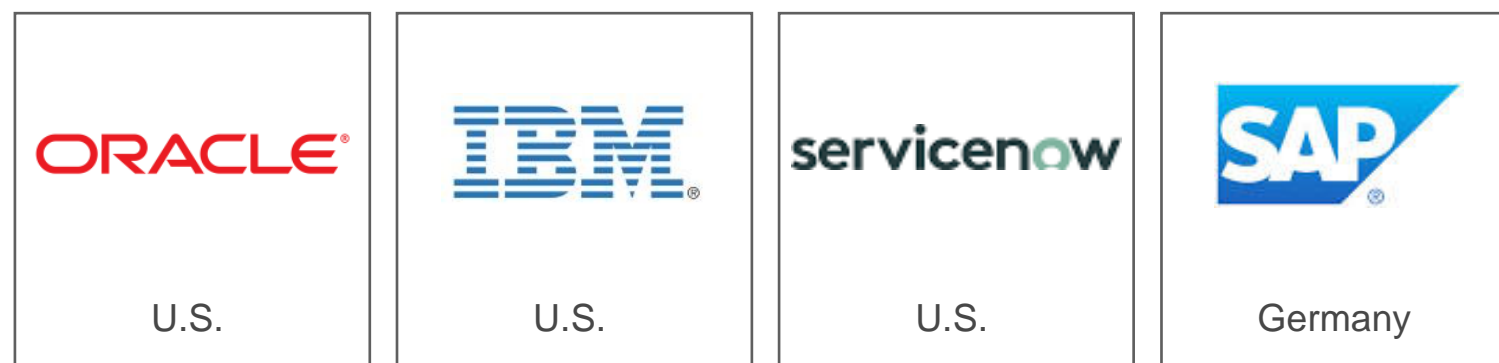
Major foreign accounting consulting firms and solution vendors

All-round and expensive services

Solutions




Products



Specialized in protecting enterprise management

Provide reasonably-priced services in anticipation of continuing contracts



✓ Use self-developed products

✓ Accumulate know-how for over 10 years

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These forward-looking statements should not be construed as a guarantee of future results or performance figures. Such forward-looking statements may include known and unknown risks and uncertainties. Consequently, actual results and financial conditions may differ significantly from the forecasts of future performance and results explicitly or implicitly indicated by the forward-looking statements.

Factors that may cause significant differences from results described in such statements include, but are not limited to, changes in domestic and international economic conditions and trends in the industries in which we operate.

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