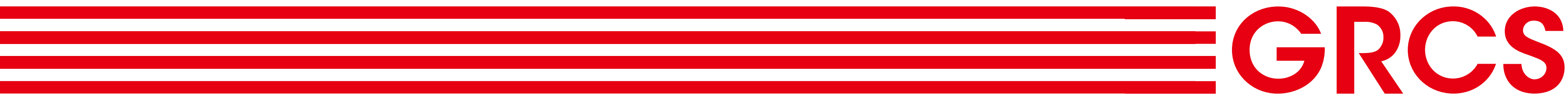


First Six Months of Fiscal Year ending November 30, 2023 (FY2023)

Financial Results Briefing

GRCS Inc. Securities code: 9250

July 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.

Table of Contents

1. Financial Results for First Six Months of FY2023
2. Revision of Full-year Earnings Forecast
3. Growth Strategy
4. Company Overview

1. Financial Results for First Six Months of FY2023

Executive Summary

Business environment

- Outsourcing management, increased inquiries with high DX demand for AML
- Business expand in PI data management, tightening of domestic telecom regulations
- Major financial institutions move to strengthen profitability at global level

Financial results

- Net sales: **1,366 million yen (+22.7% year on year)**
- Operating profit: **-125 million yen (-9 million yen year on year)**

Actions take in Q2 FY2023

- **Improved gross profit margin** due to business transfer effect of financial technology
- Being adopted our matching engine by **Osaka Digital Exchange**
- 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	Increased costs due to strengthening the back office associated with a consolidated subsidiary of Valurate and establishing HK branch office, etc.

(Millions of yen)	FY2022 Q2	FY2023 Q2	Change amount	Change ratio	FY2023 forecast	Progress ratio
Net sales	1,113	1,366	252	22.7%	3,277	41.7%
Gross profit	238	345	106	44.8%	—	—
Gross profit margin	21.4%	25.3%	—	+3.9pt	—	—
Selling, general and administrative expenses	248	470	222	89.7%	—	—
Operating profit (loss)	(9)	(125)	(115)	—	192	—
Ordinary profit (loss)	(16)	(131)	(114)	—	182	—
Profit attributable to owners of parent	(12)	(160)	(148)	—	116	—

Summary Comparison (Quarterly Trends)

Y-o-Y Acquisitions of Valurate as consolidated subsidiary in Q3 FY2022, and of financial technology business in Q1 FY2023

Q-o-Q **Gross profit increased and gross profit margin improved** due to increased business of FT in addition to business transfer

Other Estimating the same level of Selling, general and administrative expenses as in Q1 and Q2 FY2023

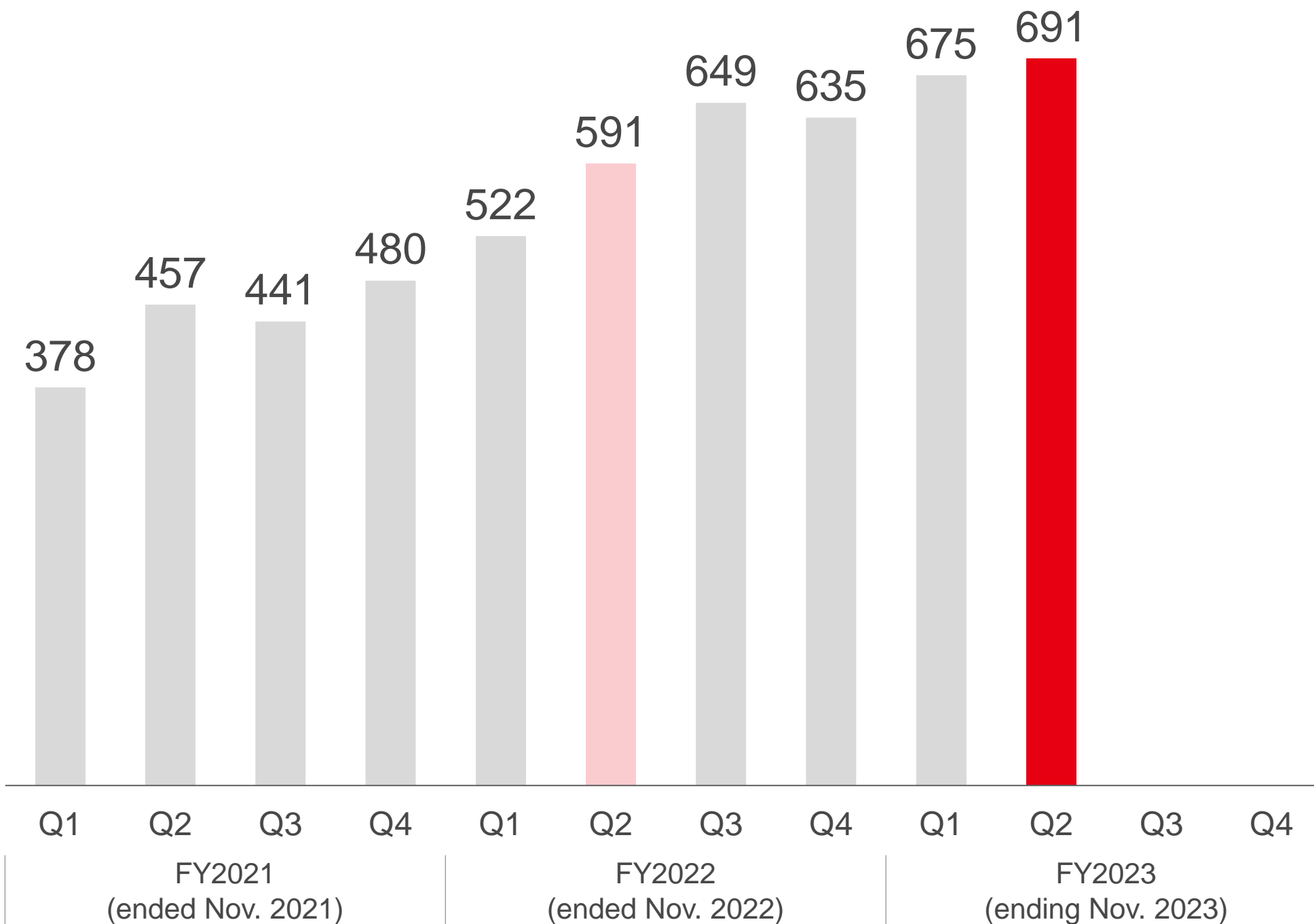
(Millions of yen)	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	Year on Year change
Net sales	522	591	649	635	675	691	16.8%
Gross profit	110	127	120	78	139	205	61.2%
Gross profit margin	21.2%	21.6%	18.5%	12.3%	20.6%	29.8%	+8.2pt
Selling, general and administrative expenses	117	130	166	209	236	234	79.5%
Operating profit (loss)	(6)	(3)	(46)	(131)	(96)	(28)	—
Ordinary profit (loss)	(9)	(6)	(34)	(136)	(93)	(37)	—
Profit attributable to owners of parent	(6)	(5)	(69)	(127)	(106)	(54)	—

Trends in Net Sales

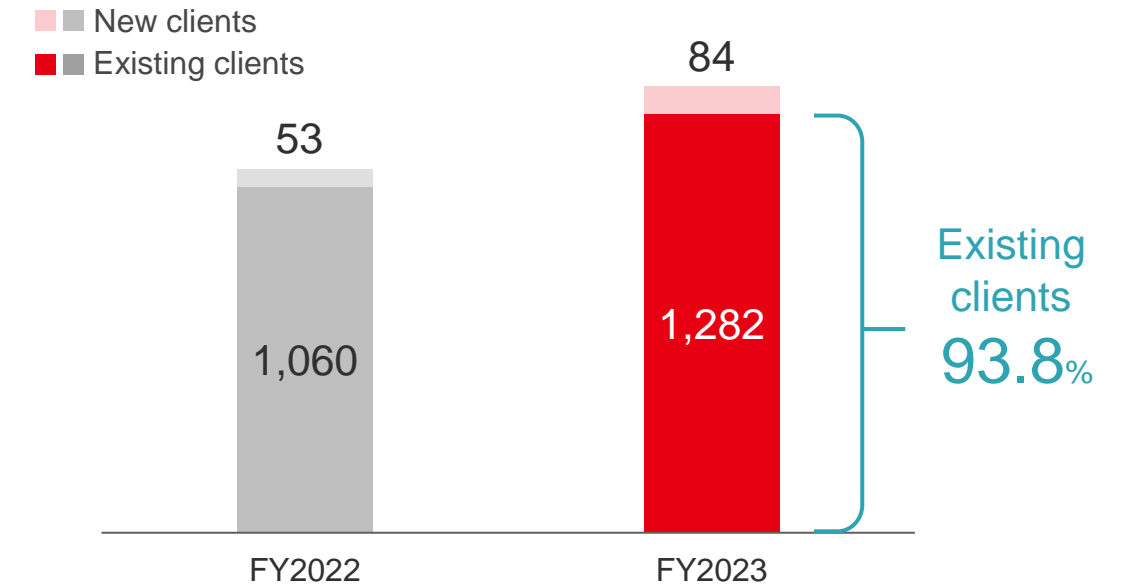
Sales of new customers and products increased against the backdrop of strong demand

(Millions of yen)

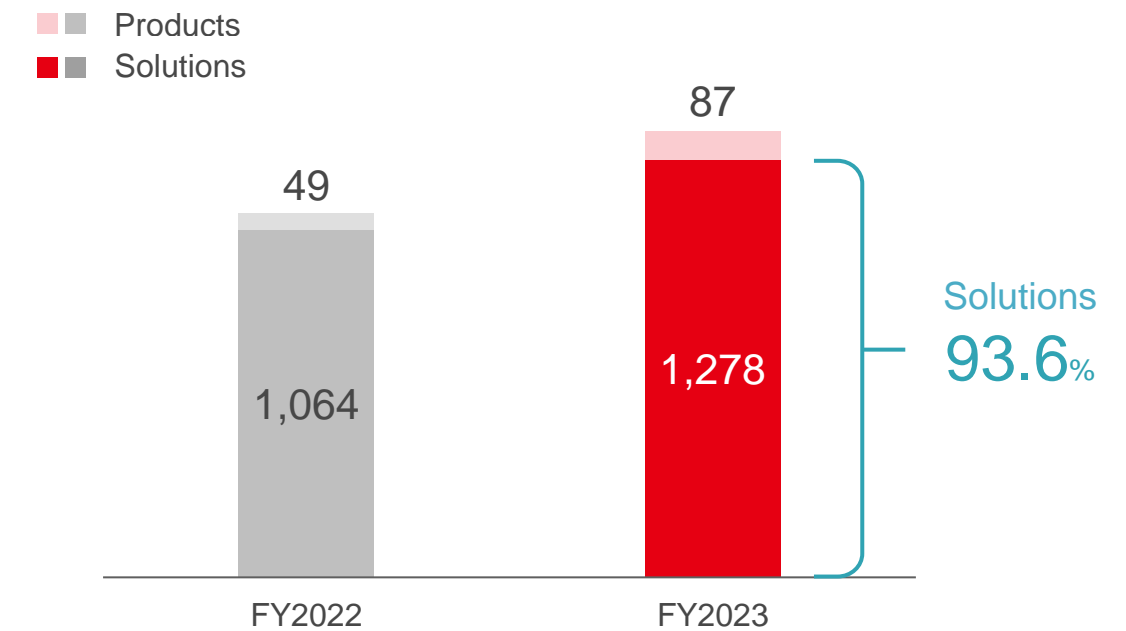
YoY
+16.8%



Existing clients and new clients (Millions of yen)



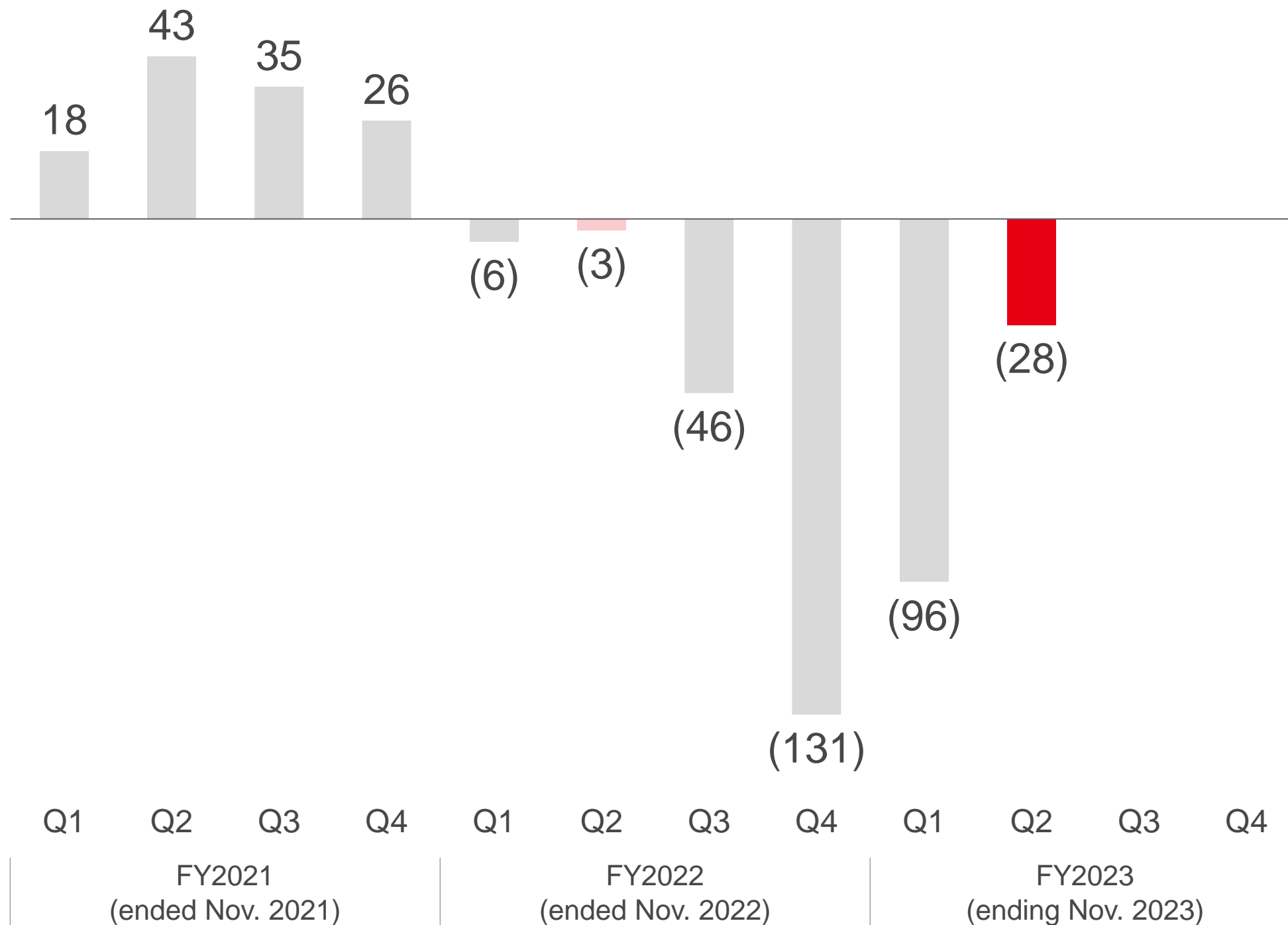
Solutions and products (Millions of yen)



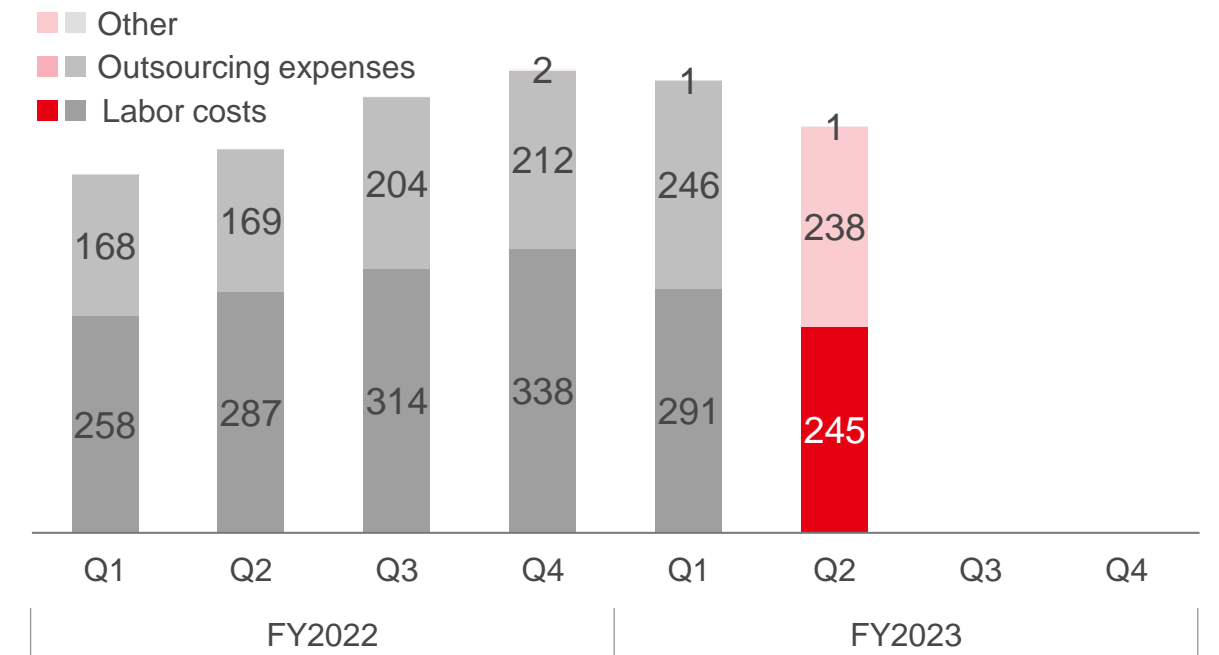
Trends in Operating Profit

Reduction in labor costs and **improvement in gross profit margin** due to transfer of financial technology business

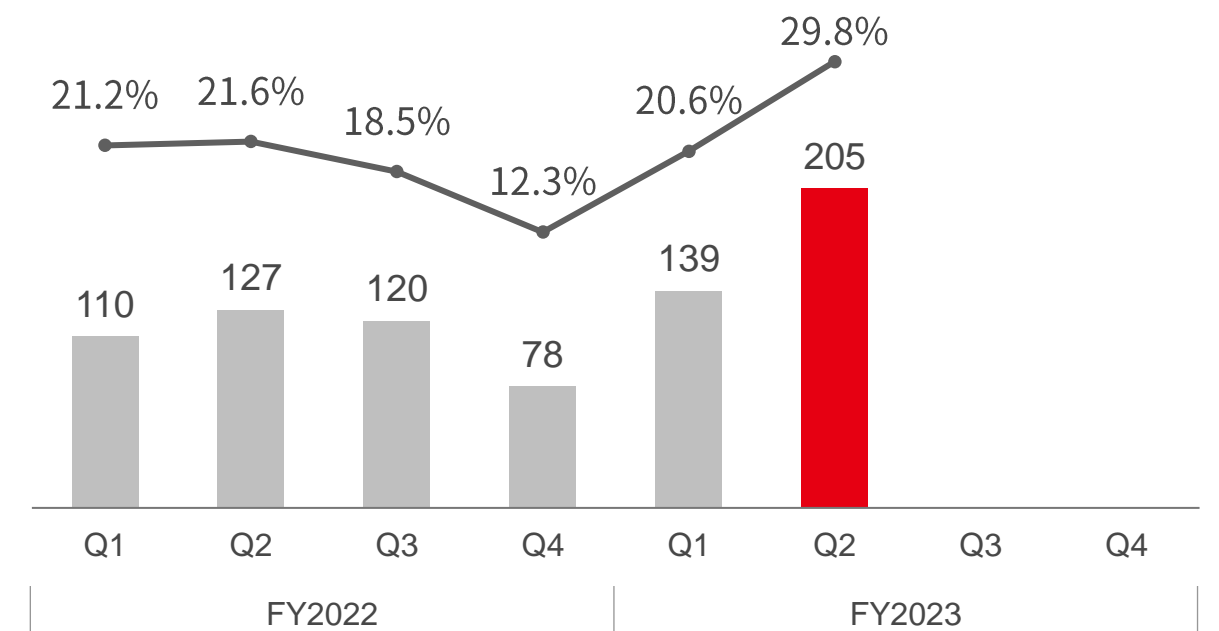
(Millions of yen)



Cost of sales (Millions of yen)

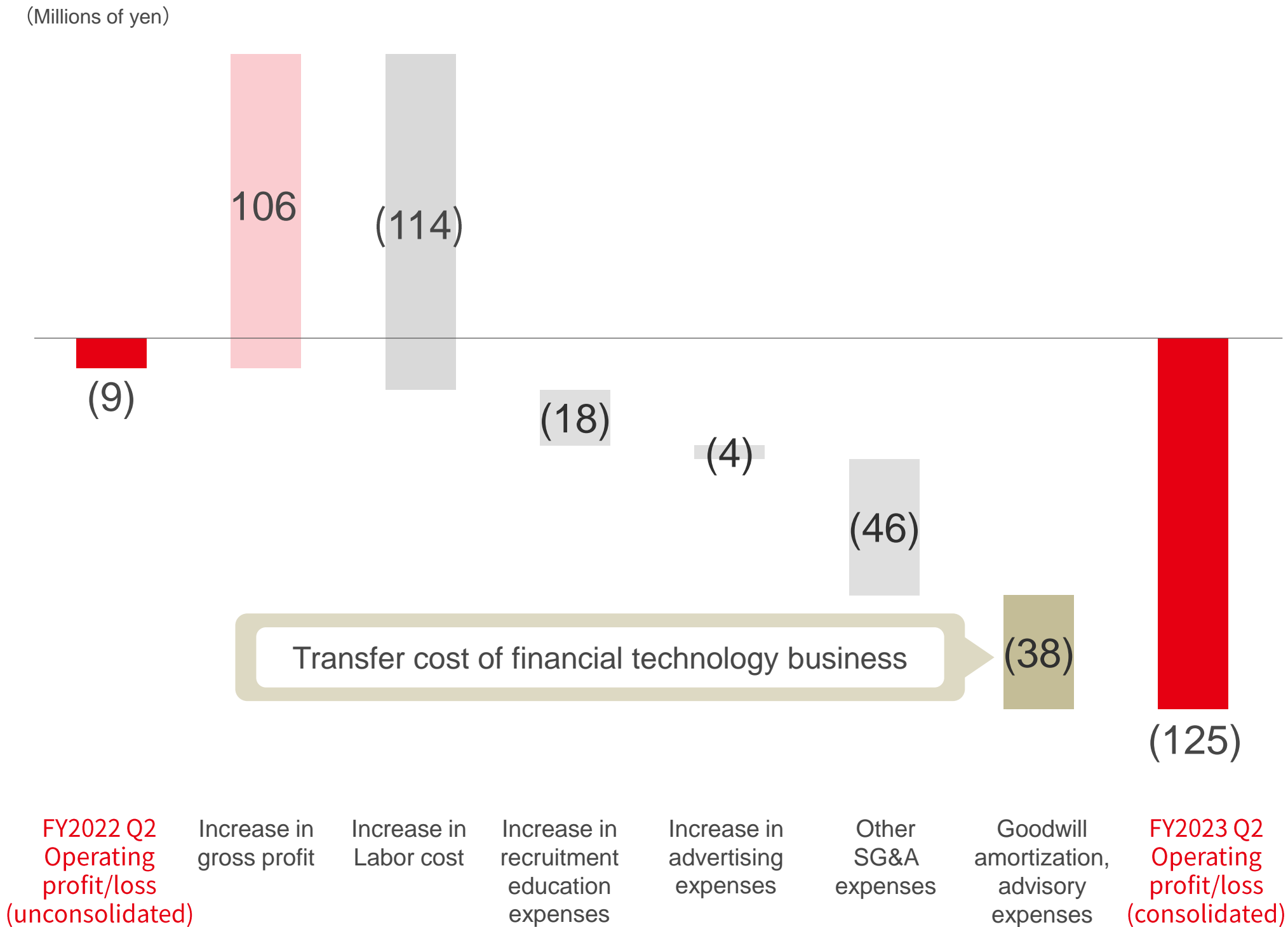


Gross profit/gross profit margin (Millions of yen)

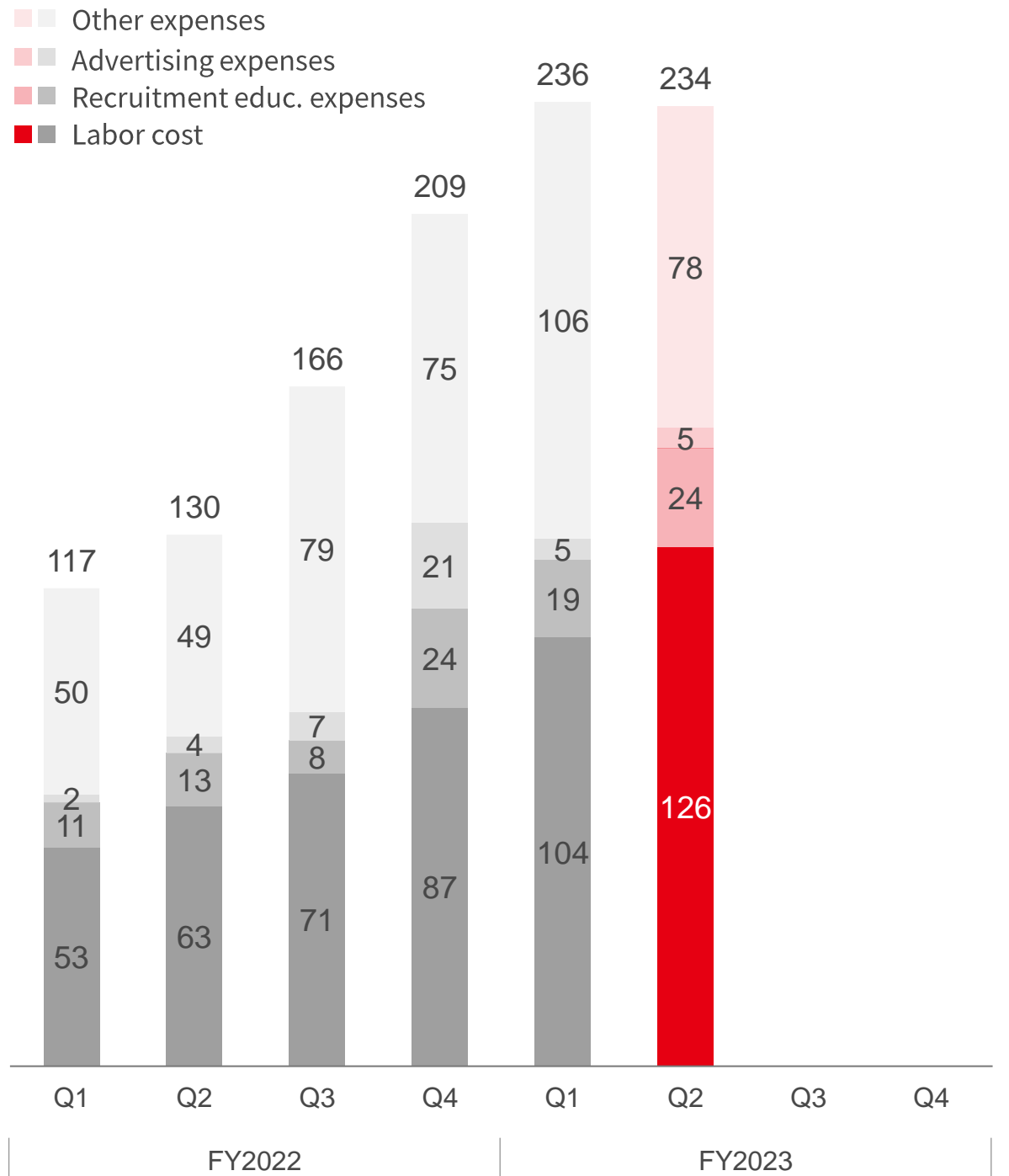


Analysis of Operating Profit Change

Consolidated Valurate and strengthened the back office with the establishment of the Hong Kong branch office, etc.

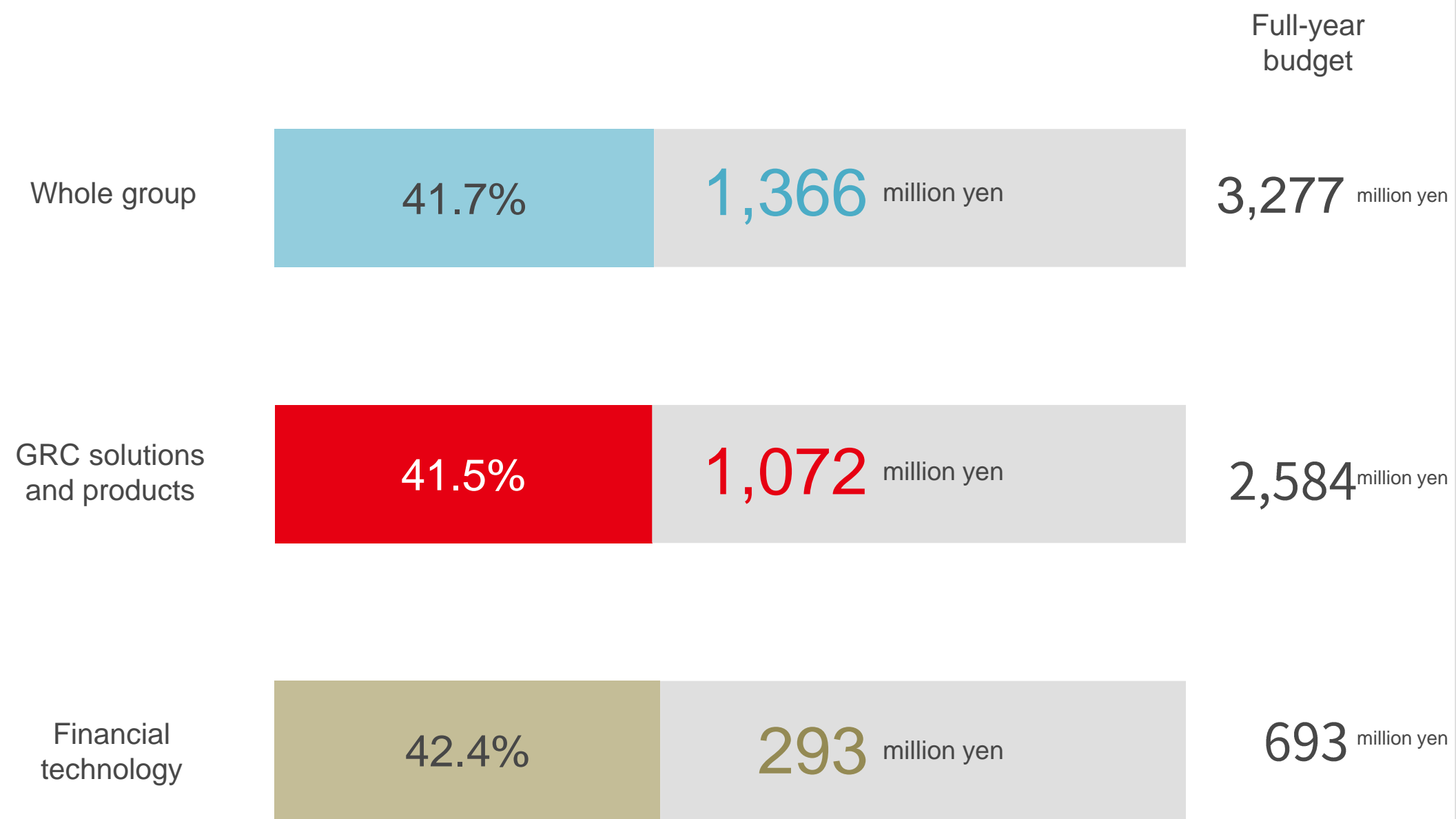


Selling, general and administrative expenses (Millions of yen)

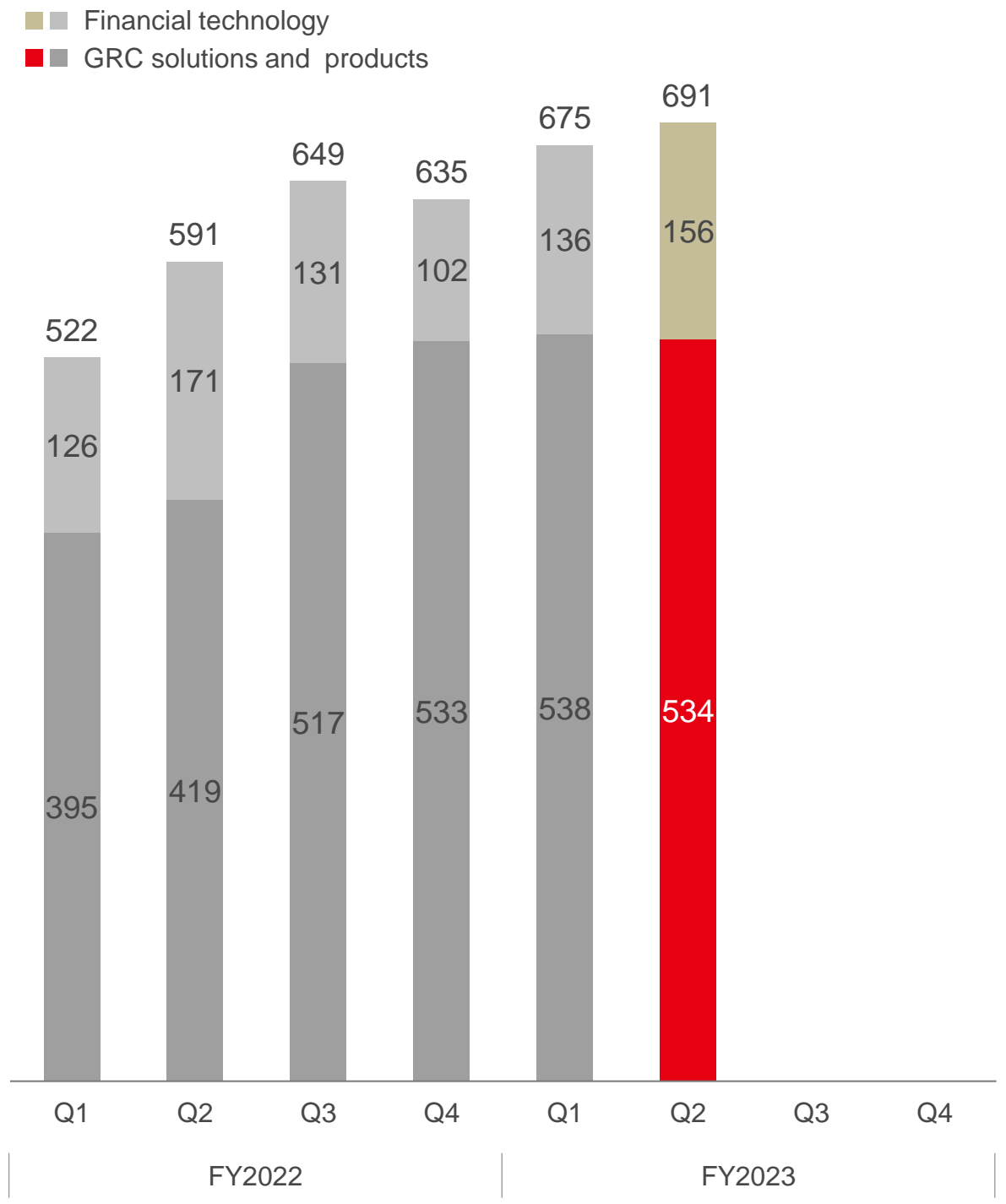


Net Sales Progress

Largely as planned for the 2H weighted budget



Trends in Net sales (Millions of yen)

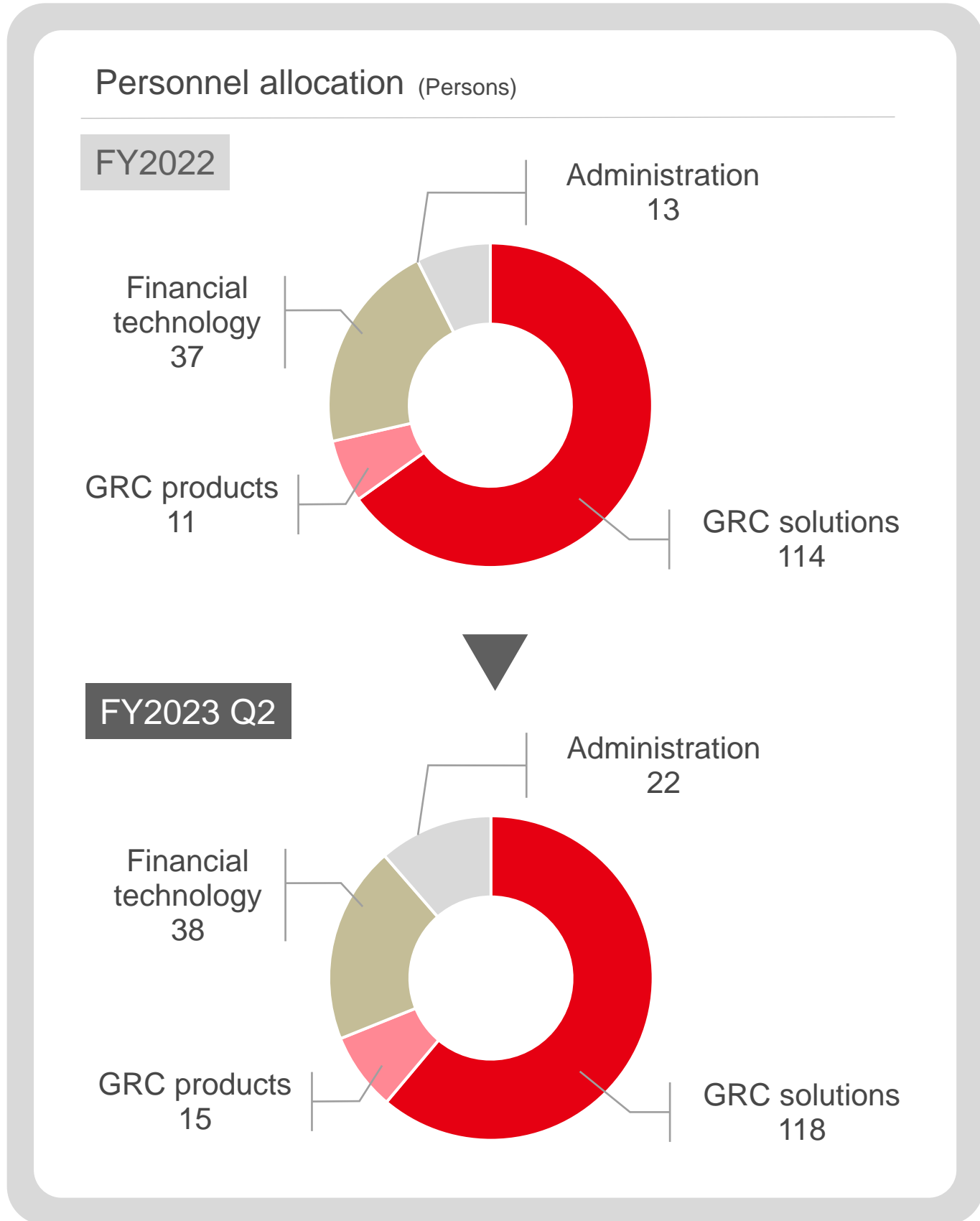
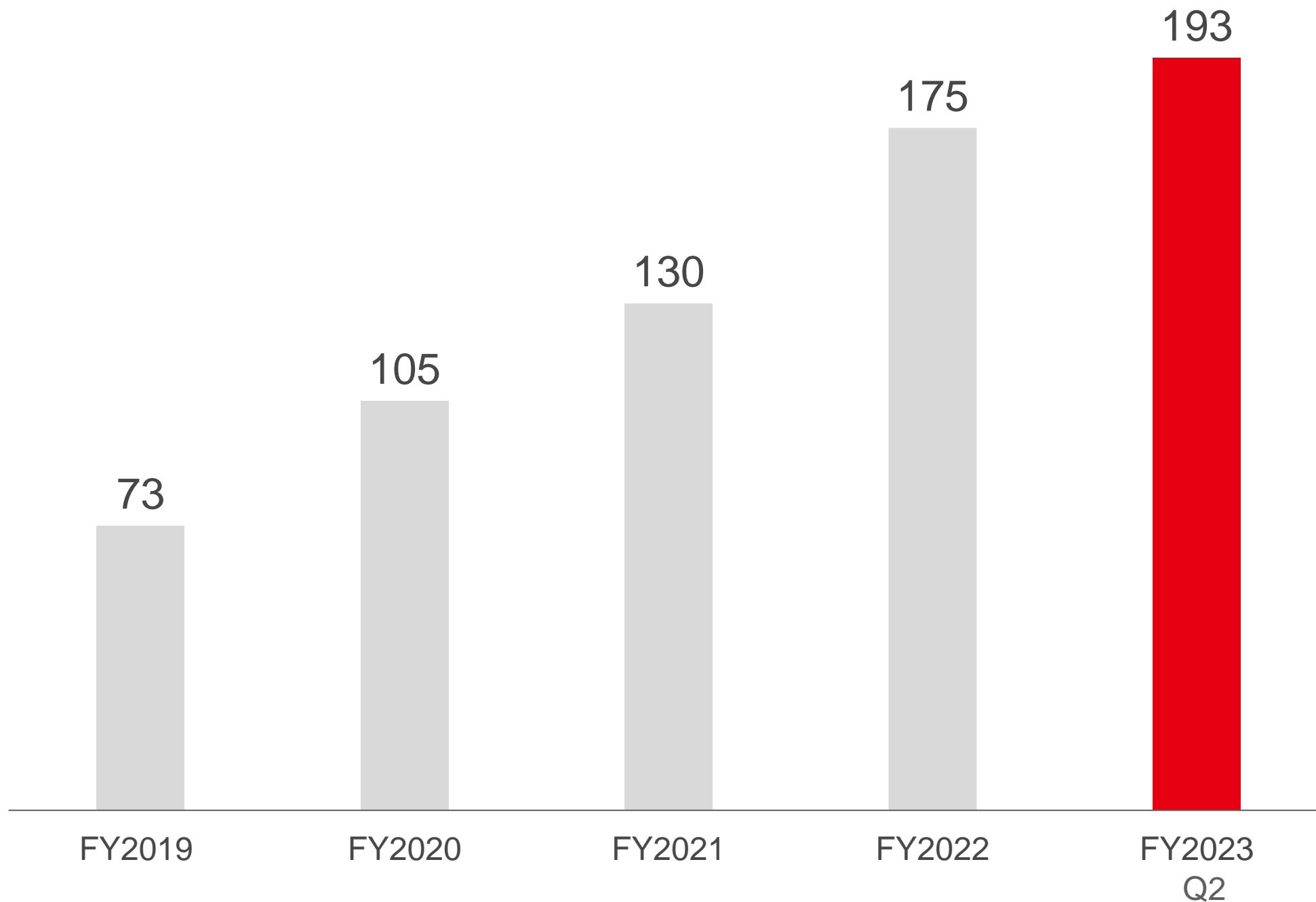


Headcount Trends

Increase in back-office personnel due to the consolidated subsidiary and establishment of branch office etc.

(Persons)

Change from the end of FY2022
+18 persons



2. Revision of Full-year Earnings Forecast

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

Net sales

Loss of order from a major accounting & consulting firm, a partner, occurred in the ongoing GRC solution product project

Profit

Orders for financial technology projects that were expected in the second half will not be received until the next fiscal year, and the decline in sales will affect profits at each stage

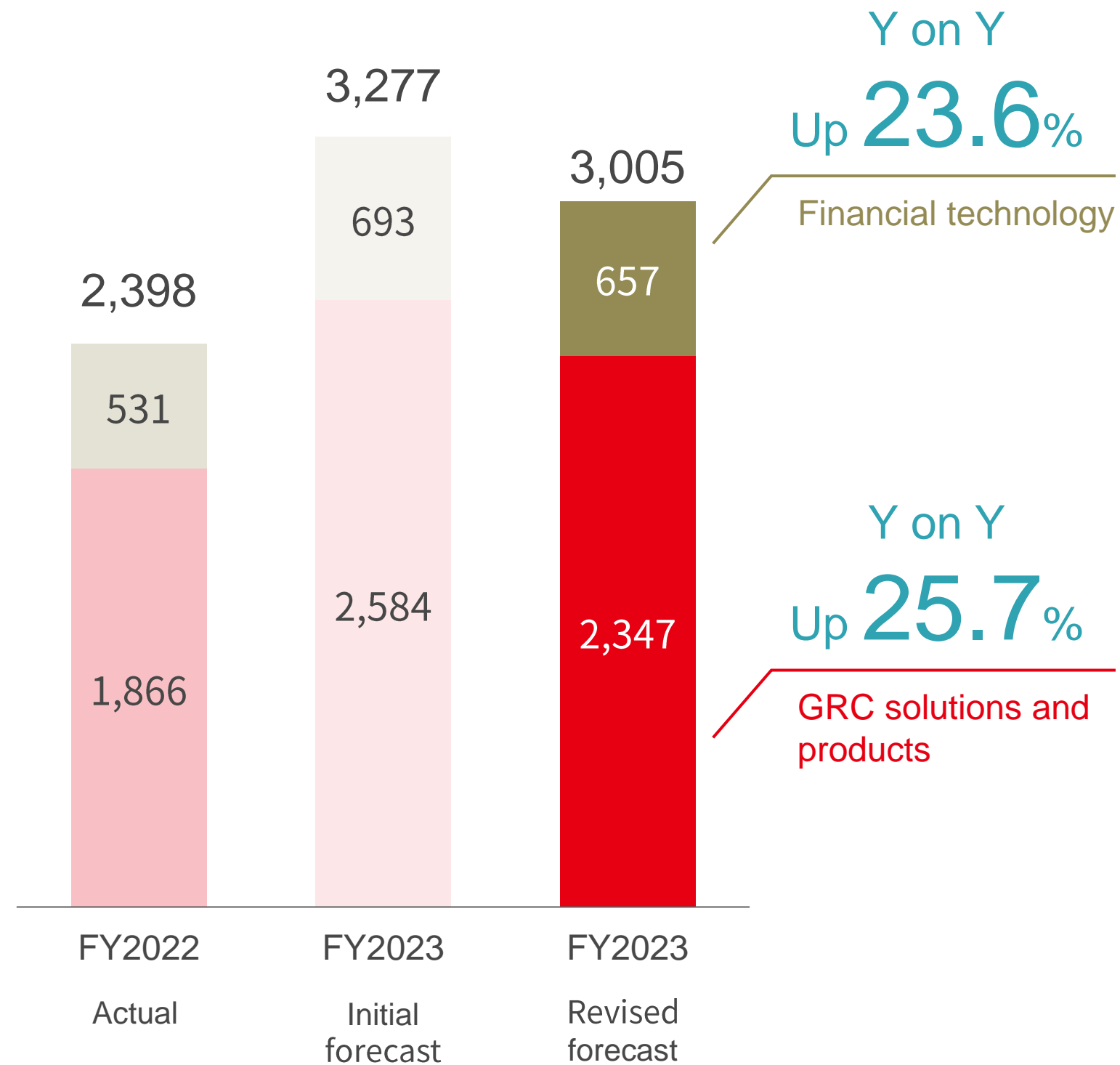
Other

Posted 23 million yen in advisory expenses related to the business transfer of financial technology

(Millions of yen)	FY2022	Composition ratio	FY2023 initial forecast	Composition ratio	FY2023 revised forecast	Composition ratio	Change In forecast	Y on Y Change
Net sales	2,398	100.0%	3,277	100.0%	3,005	100.0%	(272)	125.3%
GRC solutions & products	1,866	77.8%	2,584	78.8%	2,347	78.1%	(236)	125.7%
Financial technology	531	22.2%	693	21.2%	657	21.9%	(35)	123.6%
Operating profit (loss)	(187)	(7.8%)	192	5.9%	36	5.9%	(156)	—
Ordinary profit (loss)	(187)	(7.8%)	182	5.6%	21	5.6%	(161)	—
Profit (loss) attributable to owners of parent	(209)	(8.7%)	116	3.6%	5	3.6%	(111)	—

Key Measures for FY2023

Net sales (Millions of yen)



Key measures

Financial technology

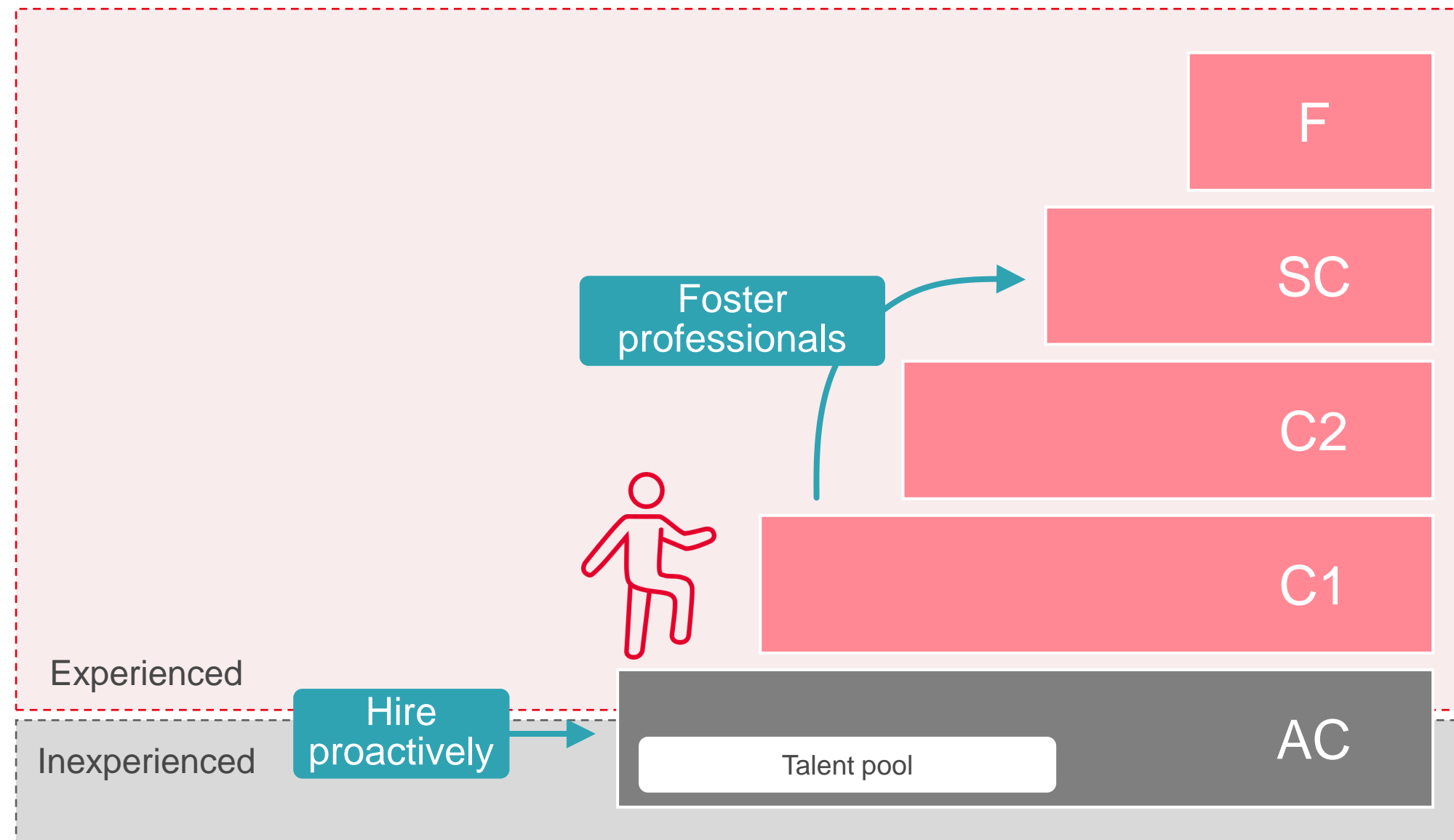
- ✓ Cultivate the 7 major companies with which transactions are anticipated to expand
- ✓ Acquire new clients by offering AML services
- ✓ Implement services that are anticipated to generate recurring revenue
- ✓ Improve earnings structure through business acquisition

GRC solutions and products

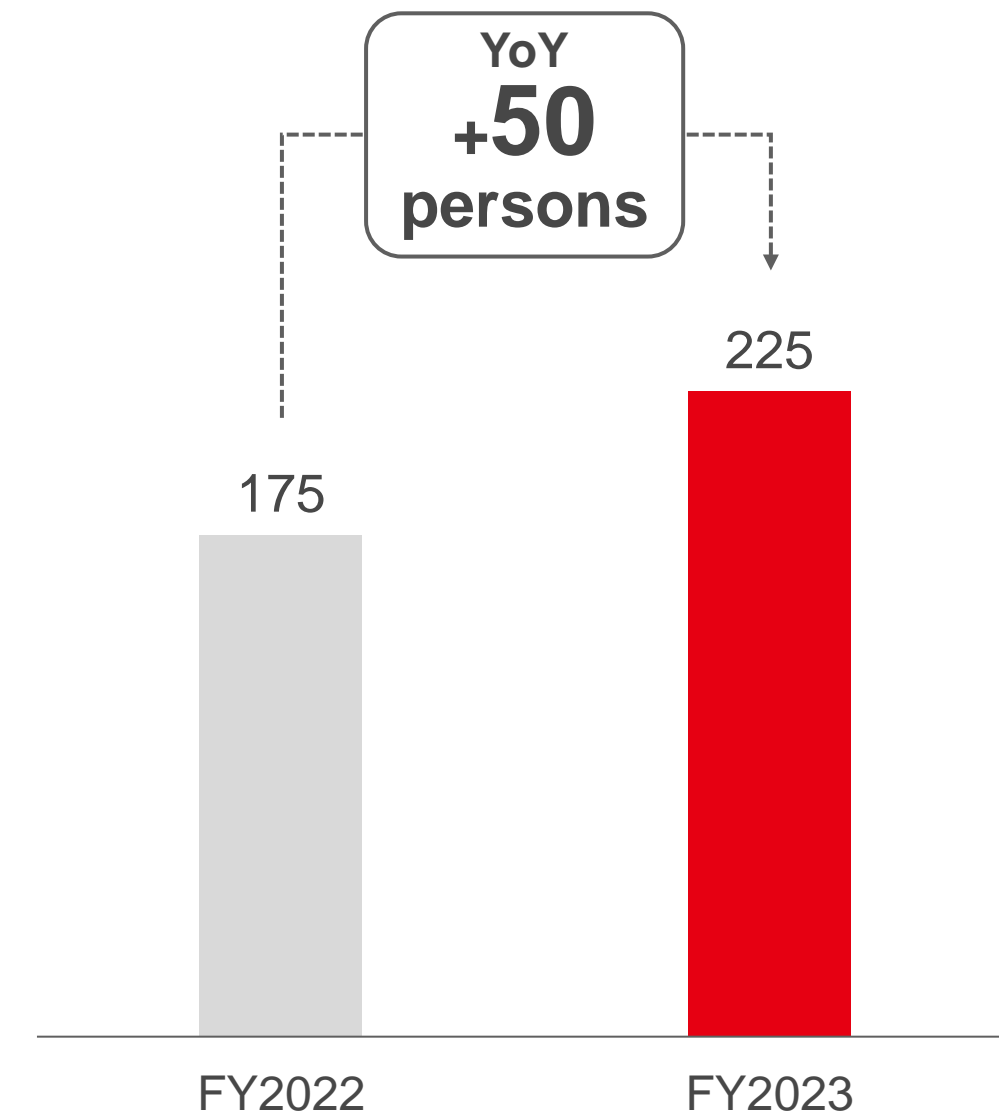
- ✓ Devise new solutions
- ✓ Reinforce hiring and fostering of human resources
- ✓ Expand partnerships with outsourcing parties
- ✓ Strengthen the brand power of in-house products

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



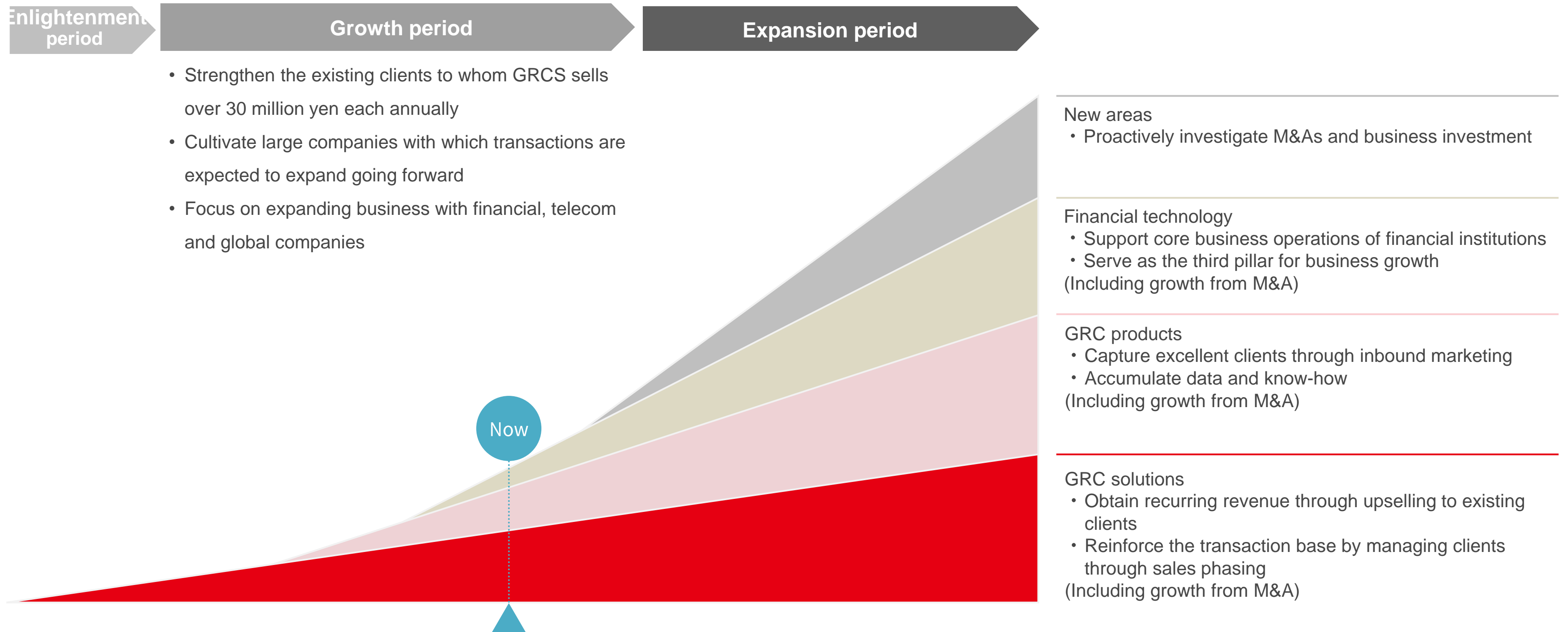
Headcount plan (Persons)



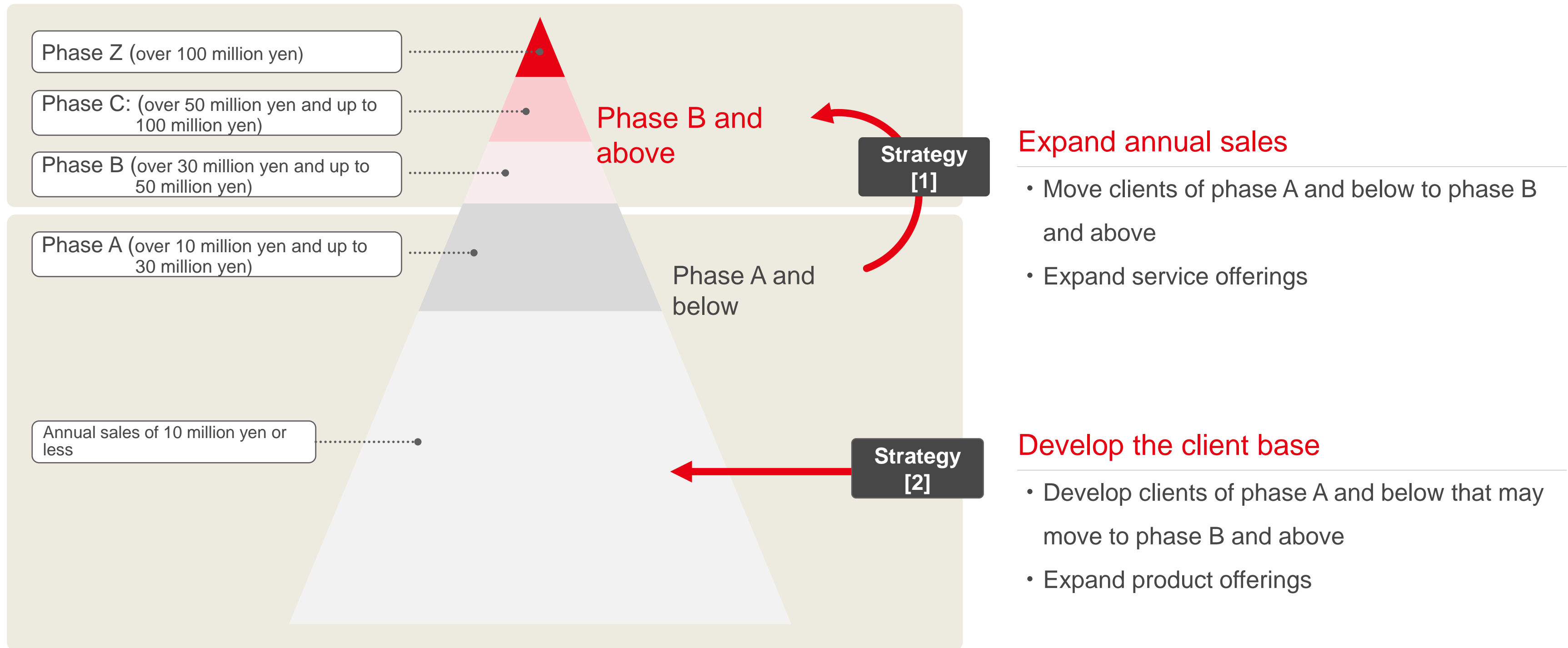
3. Growth Strategy

Illustrative Drawing of Growth Path

✓ While maintaining a growth rate of 30% or more in existing businesses, aim for further growth through M&A, etc.



Overview of Growth Strategy



*1: Figures in parentheses represent annual sales

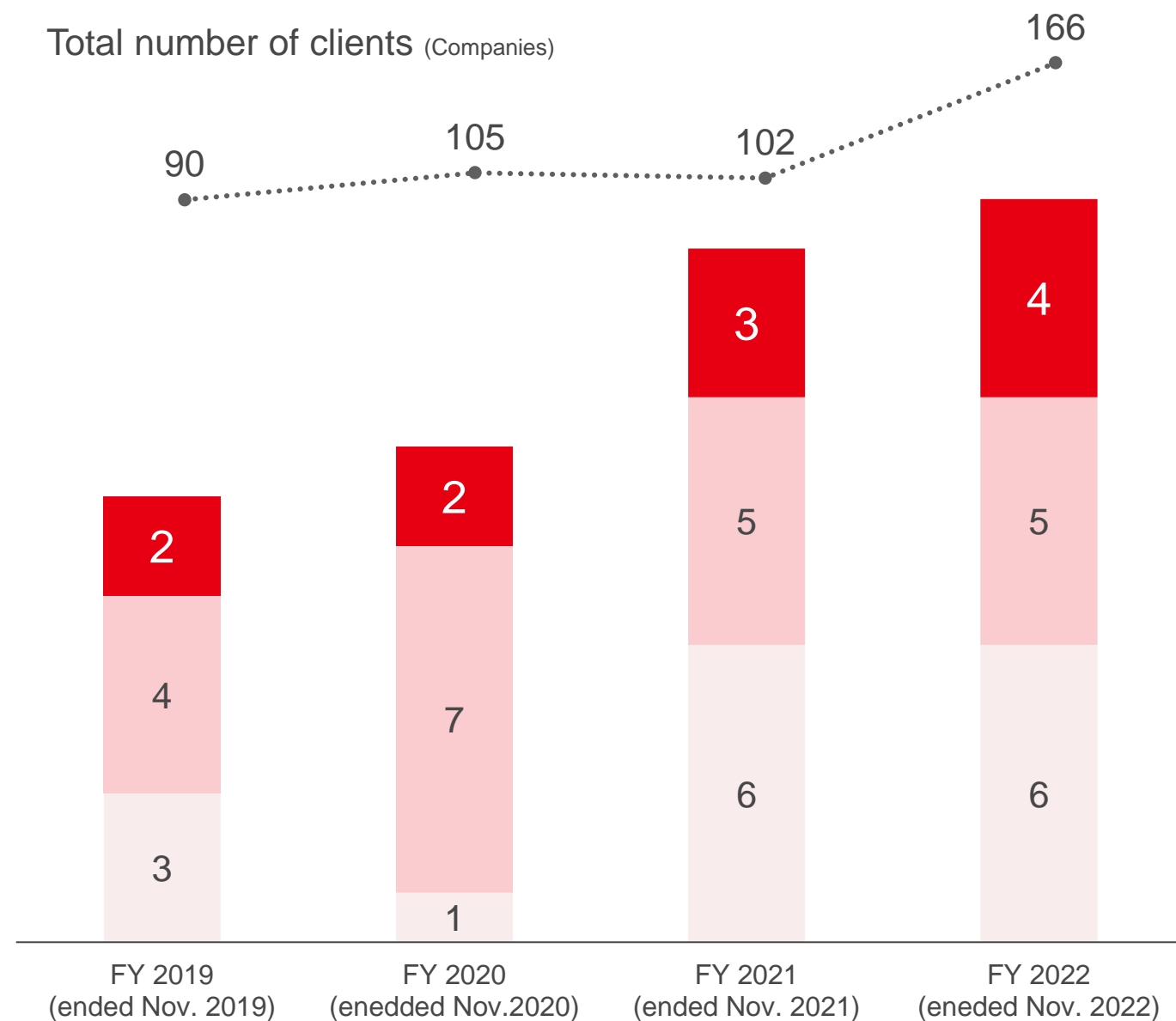
*2: The chart is an illustrative drawing of our growth strategy and does not reflect current client distribution

*3: Strategy [1] and Strategy [2] continue with the strategies described in P.24 of "Business Plan and Matters Concerning Growth Potential" dated February 28, 2022.

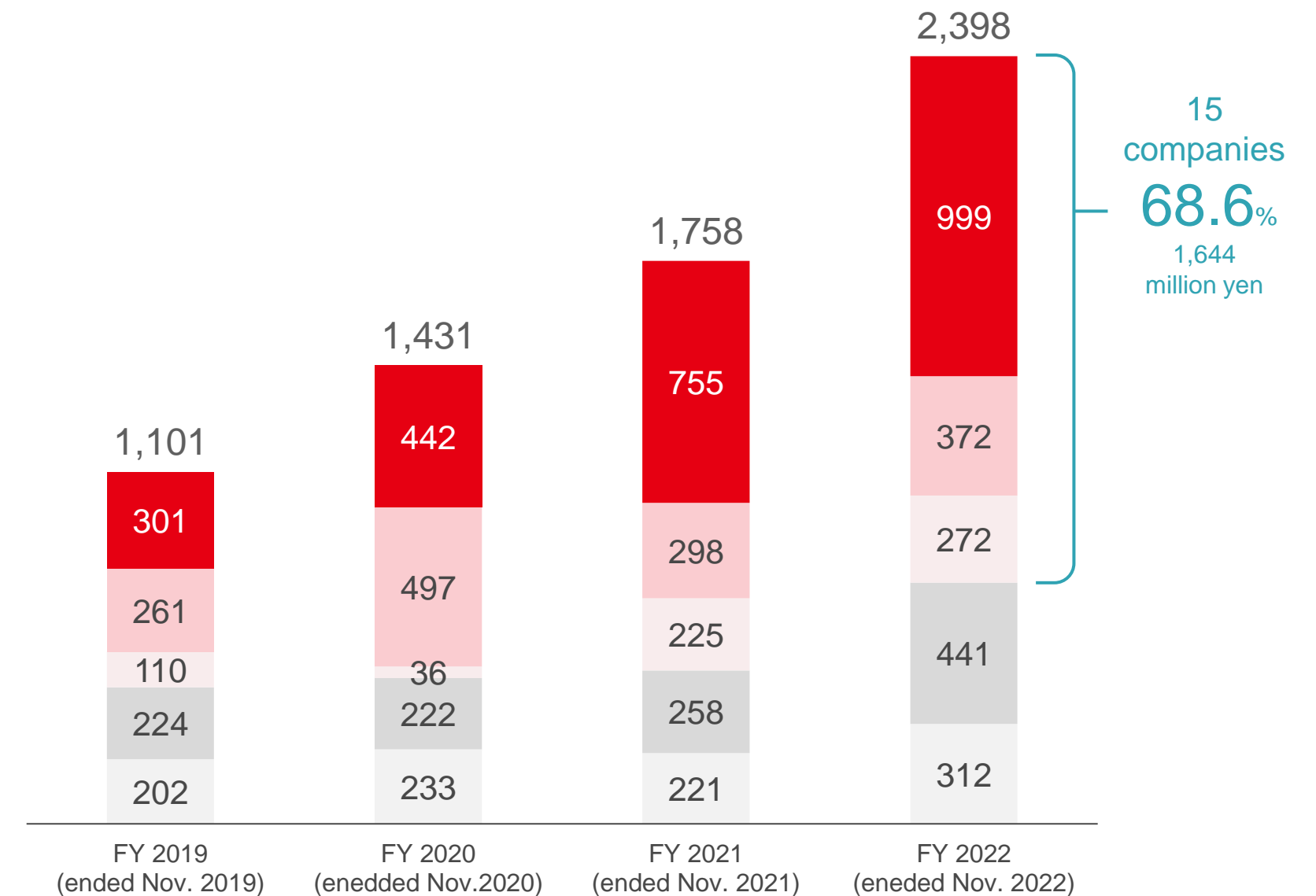
Progress (Strategy [1]): Sales by Phased Client

- ✓ 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

Progress (Strategy [2]): Targets by Industry

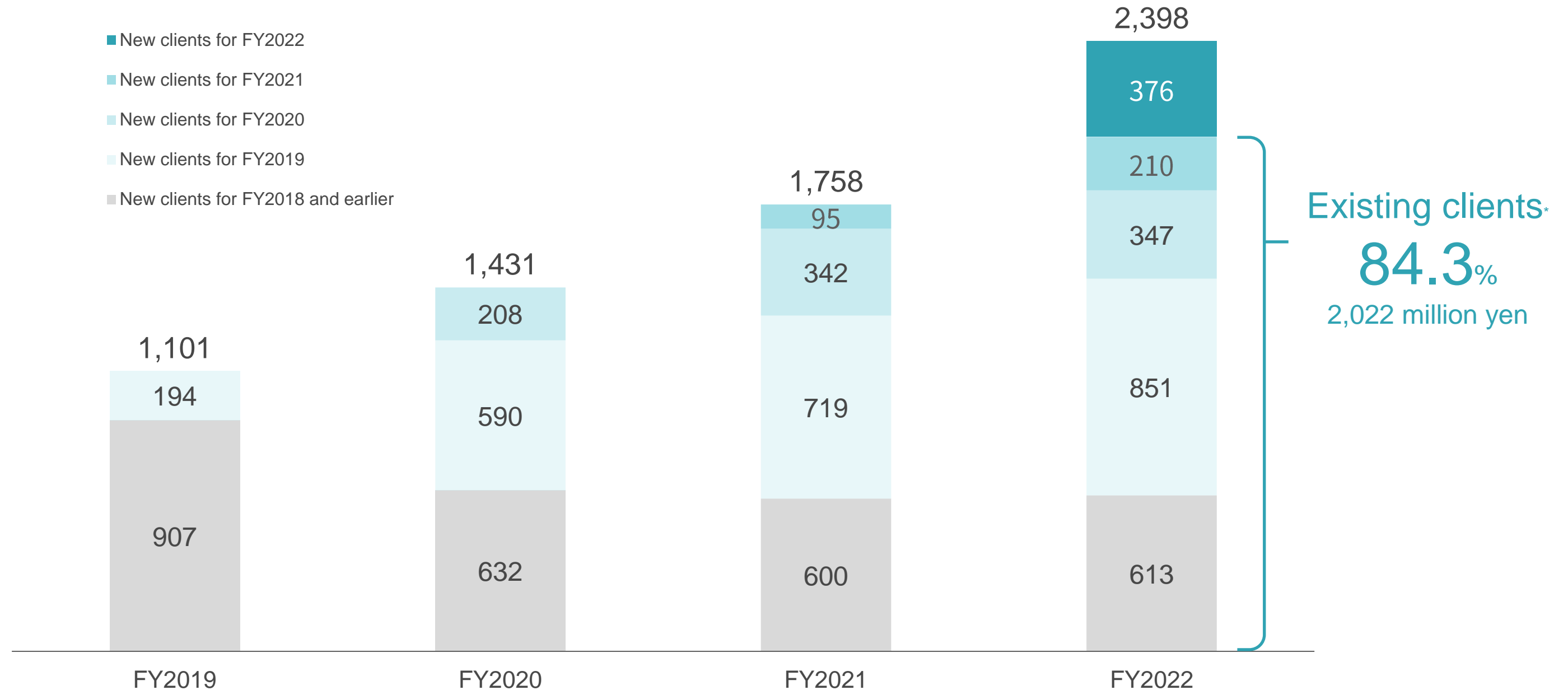
- ✓ Continue to focus on **financial, telecom and global companies** with increasingly apparent demand
- ✓ Even among clients of phase A and below, companies that are within our target range have already emerged

			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)

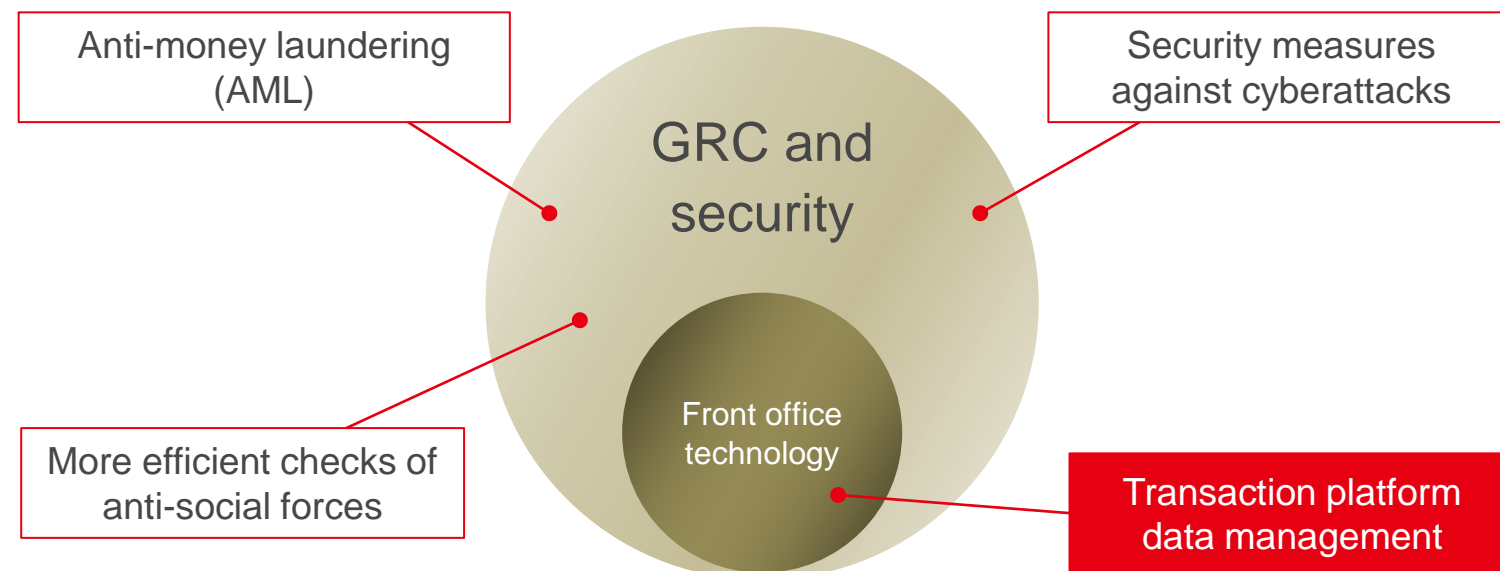


Financial Technology: Business Strategy ①

Focused on financial technology business that continues to evolve and grow rapidly and will help the market to expand

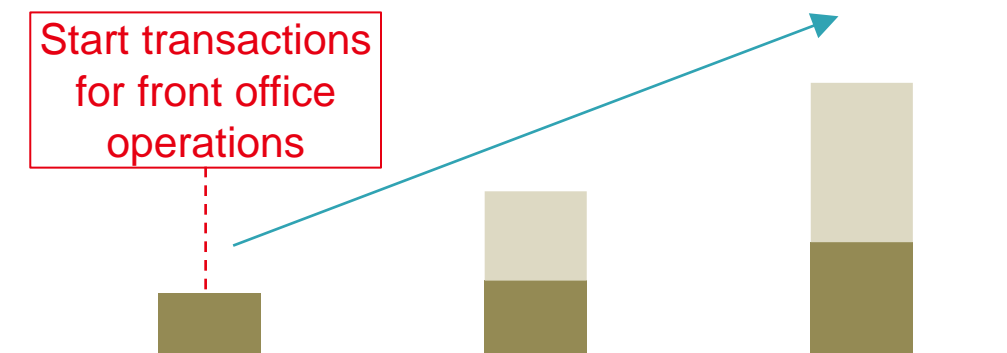
- ✓ Technology for the front office operations that directly lead to revenues of financial institutions is highly advanced and evolving rapidly
- ✓ The level of issues in the GRC and security areas has also been elevated along with changes in the front office operations
- ✓ Worked on full-scale services for the front office operations to accelerate our business development in the financial industry by efficiently providing services

How service areas will expand



- ① Conduct transactions starting with front office operations of financial business
- ② Expand transactions in GRC and security areas through one-stop services
- ③ Address technological progress and business landscape changes in both areas to exert synergy

Illustrative drawing of business growth



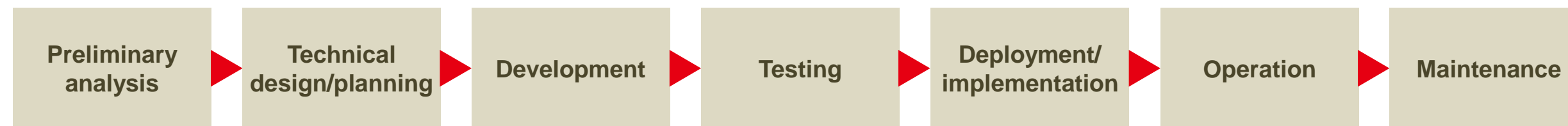
Start transactions mainly related to technology for front office areas
Also expand transactions in GRC and security areas through related services

Financial Technology: Business Strategy ②

- ✓ **Professional services** in a straight manner by experienced specialists
- ✓ Transaction platforms that have low latency, high availability and scalability
- ✓ High-specification products employing cutting-edge technologies

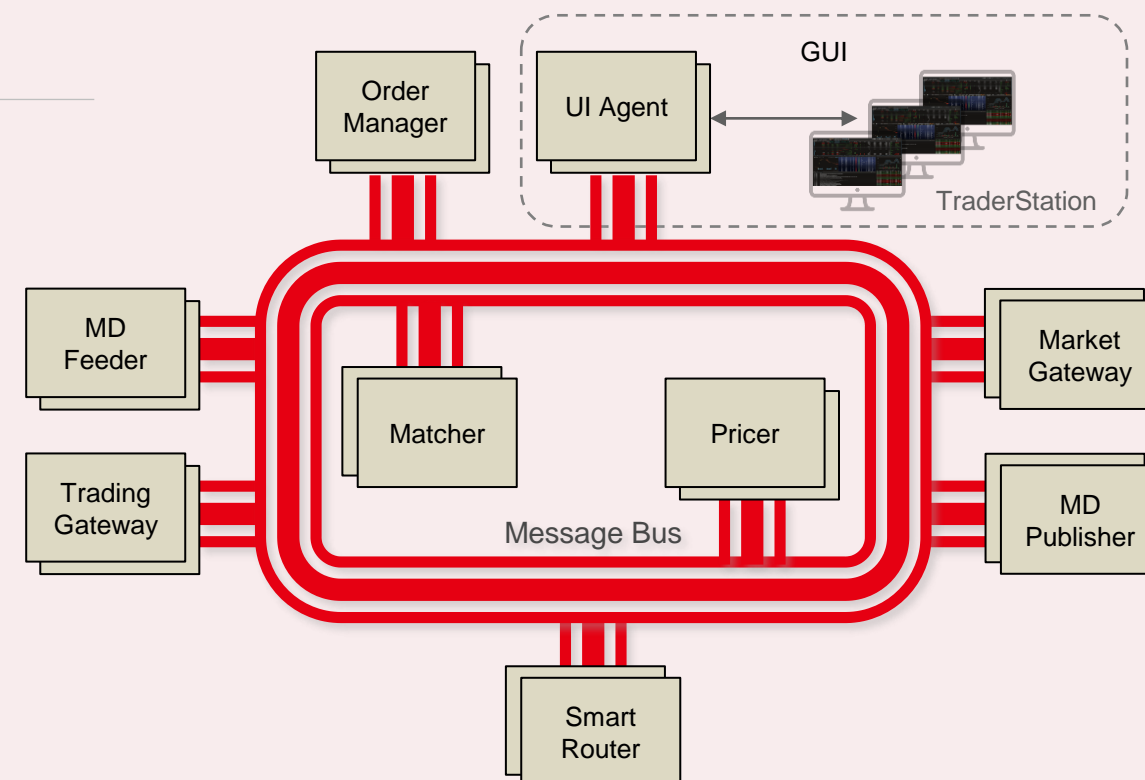
Solutions

- Provide full-range services through the entire processes of a project
- Manage lead time and flexibility



Products

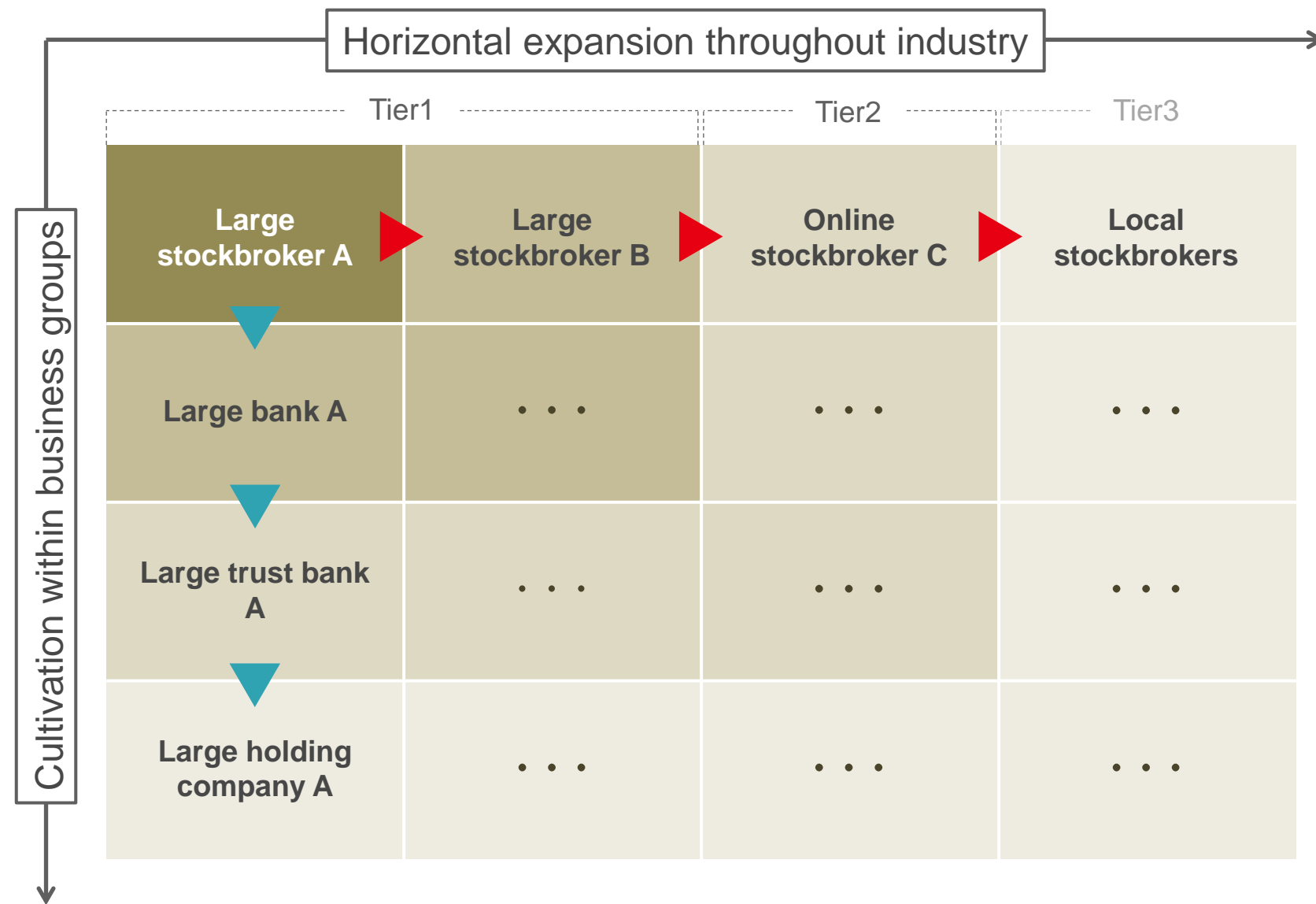
- Transaction platform
- Data management



- Matching engine
- Smart order router
- Market data system
- Trading gateway
- Pricing engine
- GUI (graphical user interface)

Financial Technology: Business Strategy ③

- ✓ With its extremely big size, the financial industry contains promising potential clients to whom we can propose various services and products
- ✓ Provide one-stop services from consultation to design, development, implementation and maintenance, significantly reducing clients' costs



- ▶ Capital market solutions
 - Provide technology solutions in the business for the financial and capital markets
 - Secure long-term transactions by providing for front office operations that contribute to revenues of financial institutions
- ▼ Partnership business
 - Adopt state-of-the-art technologies of the world to the Japanese financial and capital markets
 - Conduct business by concluding partnerships with overseas startups
- Global operations business
 - Provide monitoring services for core systems of financial institutions
 - Establish the Yokohama Global Center as the base

Track Record of the Team of the Financial Technology Business

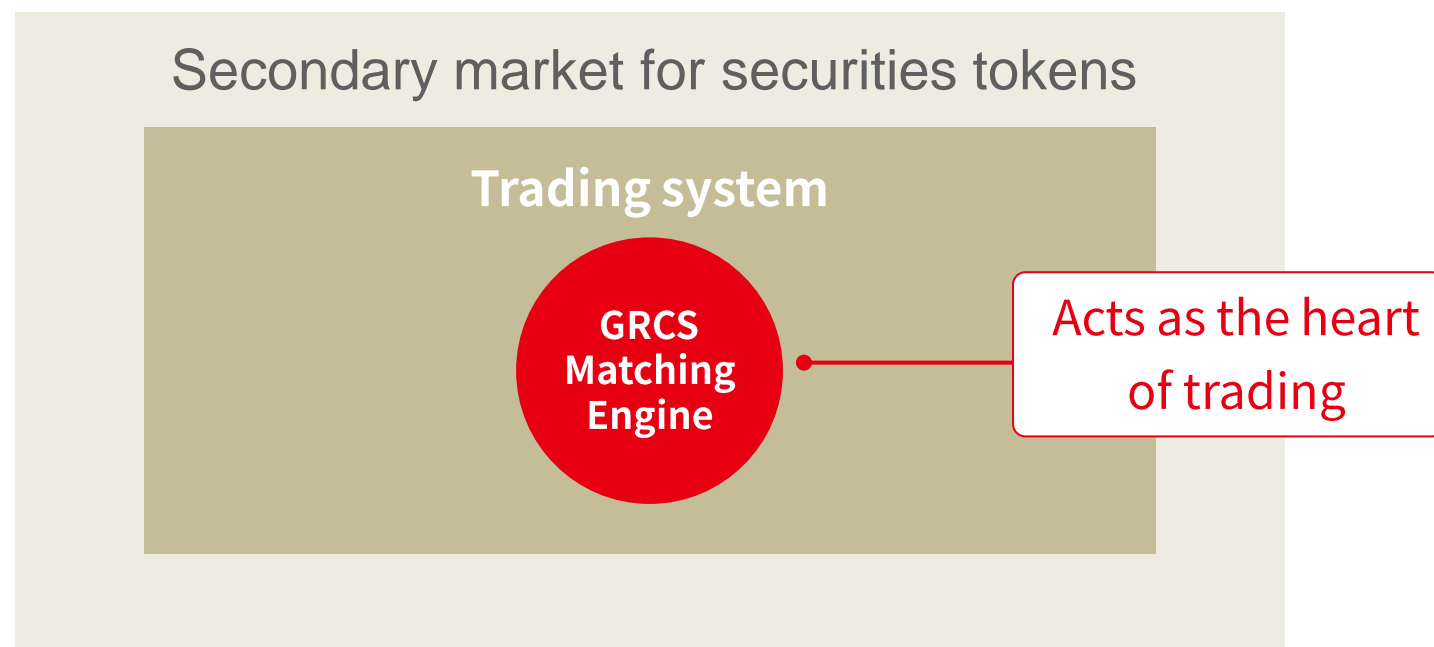
- ✓ A **world-class development team** that continues to provide high-specification products to the global market
- ✓ An operation team that monitors and supports clients' systems around the clock by bilingual staff
- ✓ A project management team that covers requirement definition, development and implementation in a straight manner

Major achievements of the development team



Business Case (Press release on 2023/7/4)

✓ Matching engine developed by GRCS has been adopted for Osaka Digital Exchange's security token market trading system



Development

Developed by an expert team with many years of experience and knowledge



Business record

Has a track record of product supply for domestic and foreign exchanges



Support

Utilizing state-of-the-art technology, meticulous response to meet client needs

What is Osaka Digital Exchange?

A PTS operating company established by major financial institutions including the SBI Group.
Aiming to launch the first Exchange of securities tokens in Japan.

Company name:
Osaka Digital Exchange Co., Ltd.

Business:
Operation of the Proprietary Trading System (PTS) for equities
Operation of the Securities Token Exchange (Under planning)

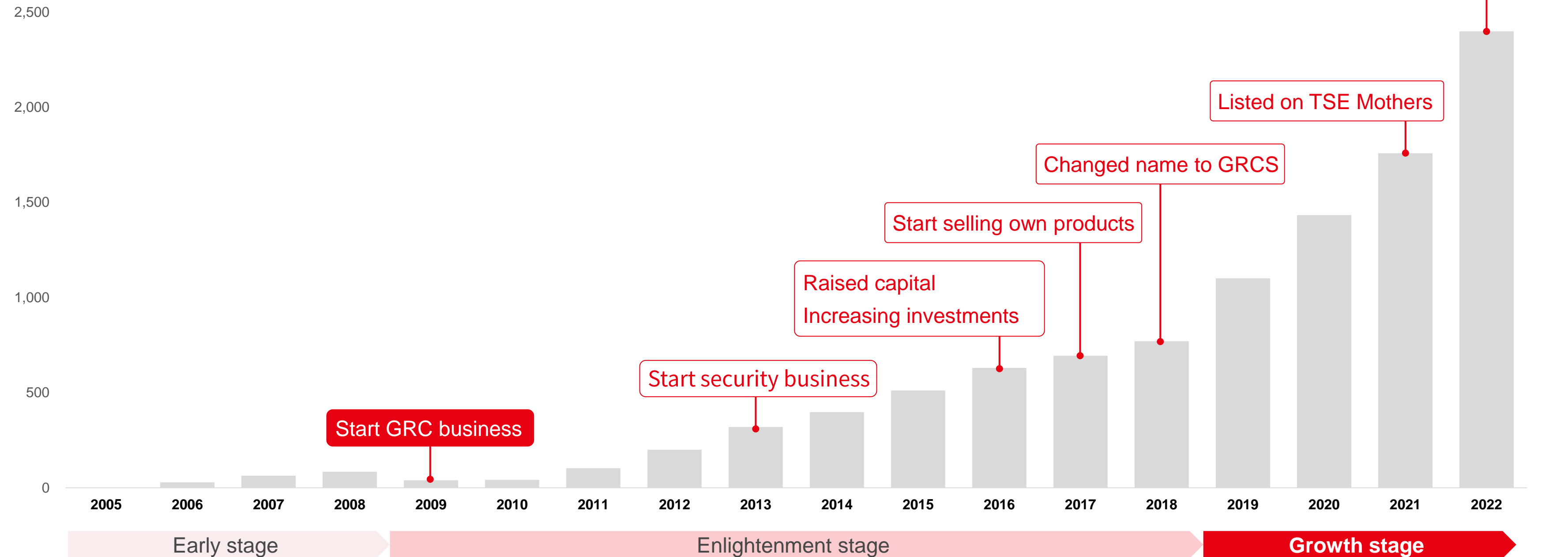
Shareholders:
SBI PTS Holdings 70%
Sumitomo Mitsui Financial Group 20%
Nomura Holdings 5%
Daiwa Securities Group 5%

4. Company Overview

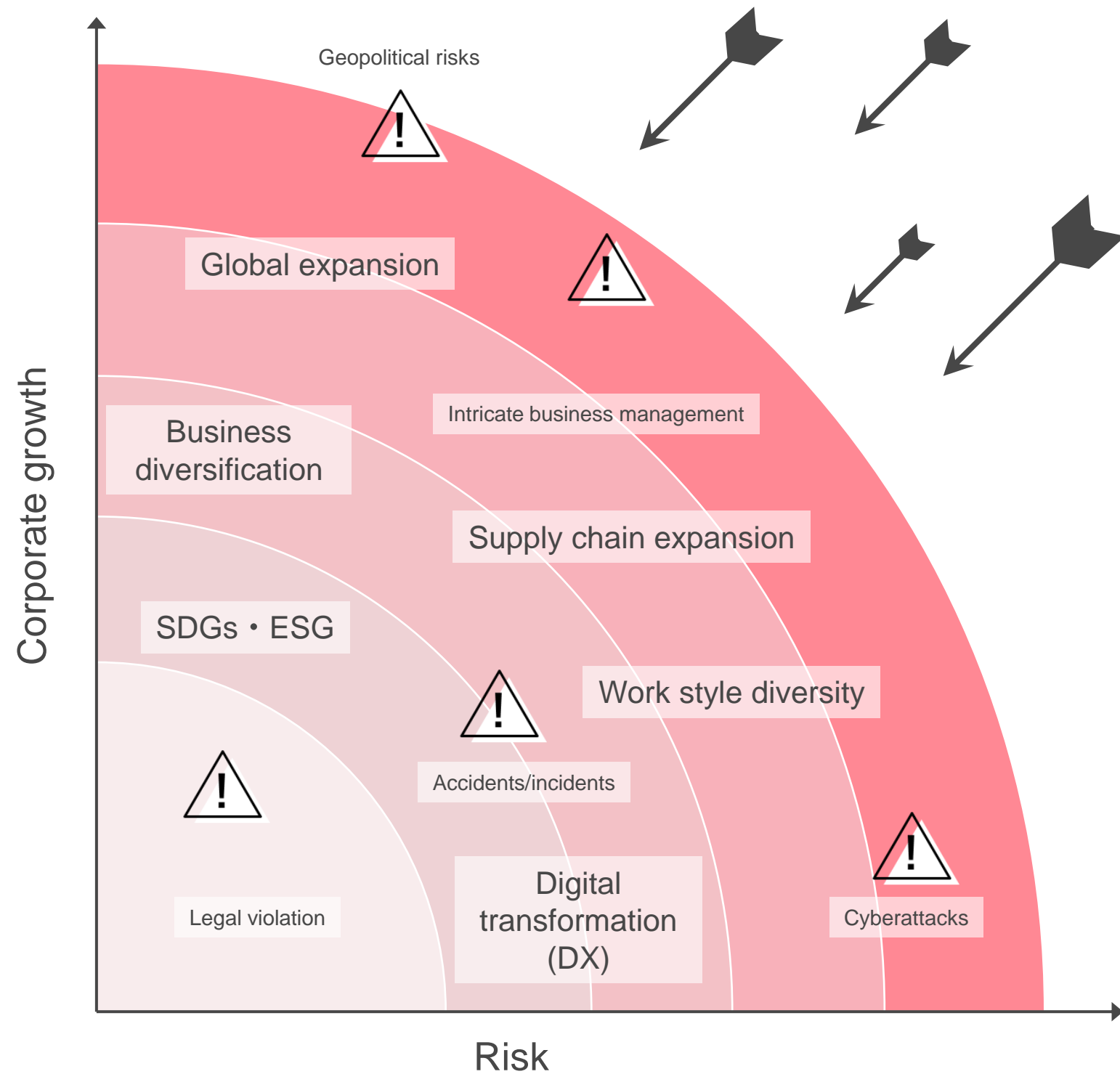
History

- ✓ 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

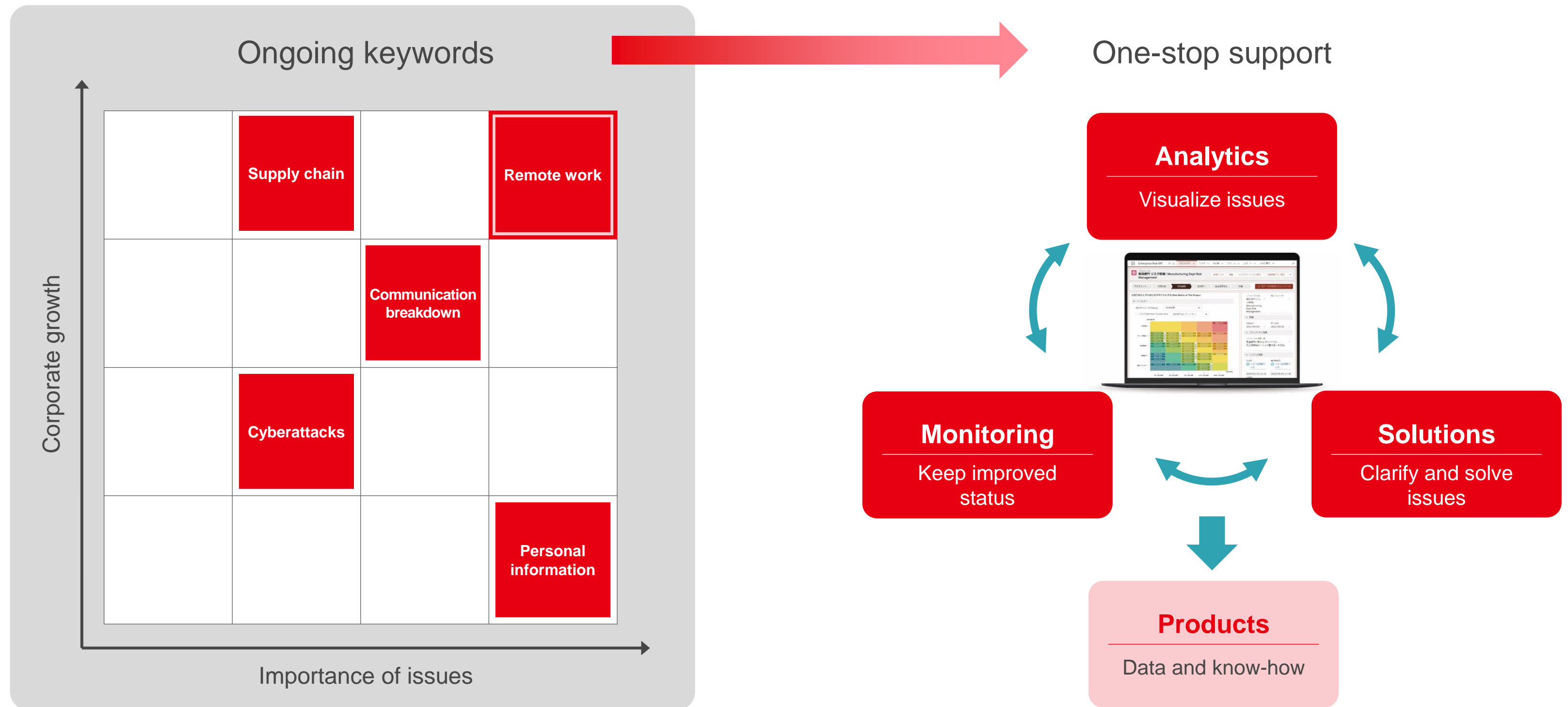


Firms are exposed to more risks as they grow
Companies are inadequately organized to protect themselves
 GRCS helps businesses grow **most efficiently** by reducing risks

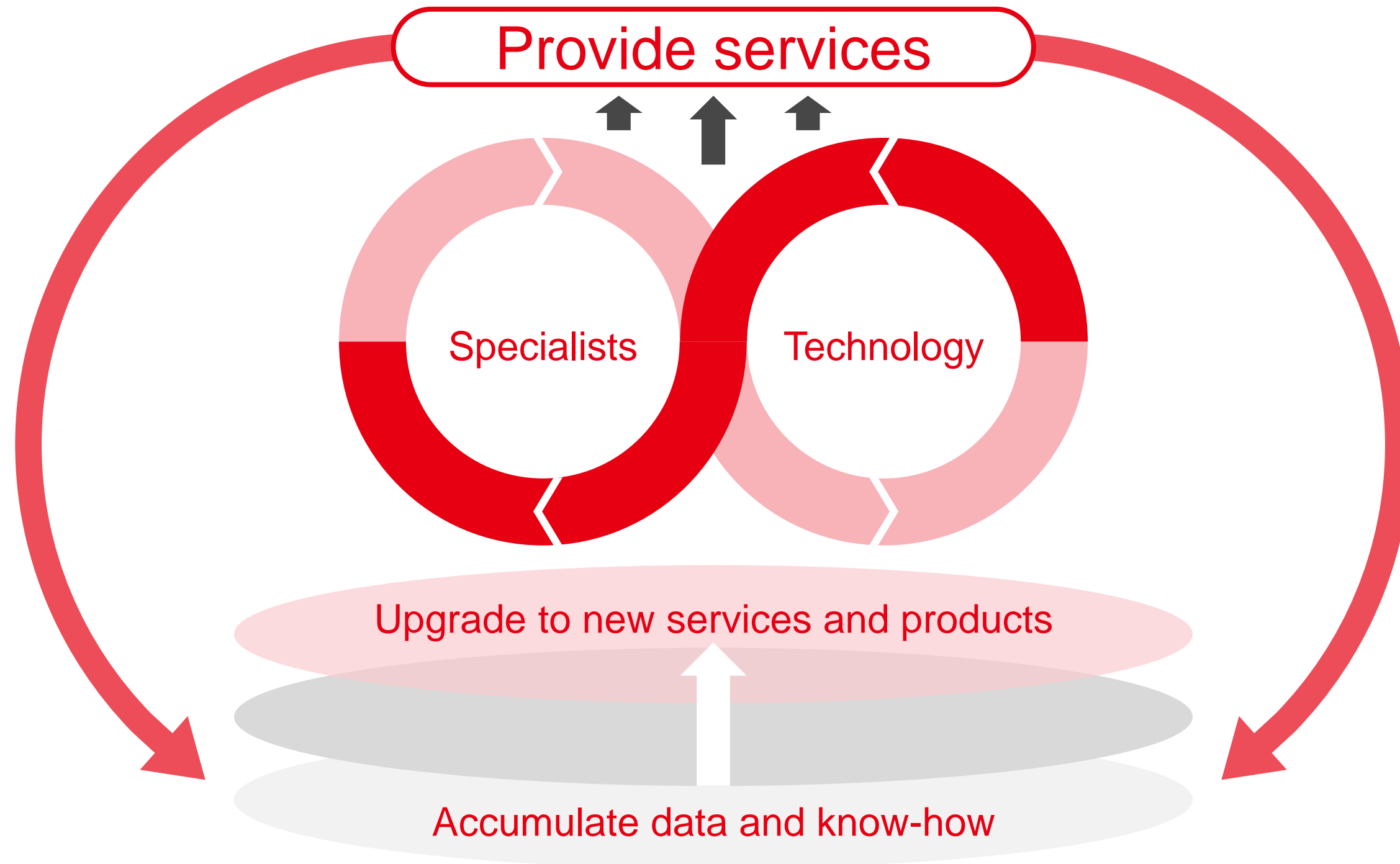
- G** Establish governance frameworks
- R** Reinforce risk management
- C** Enhance compliance mindset
- S** Support security measures

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**
- ✓ **One-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



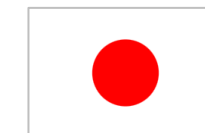
Enable checking at any time and anywhere through cloud services

Market Environment

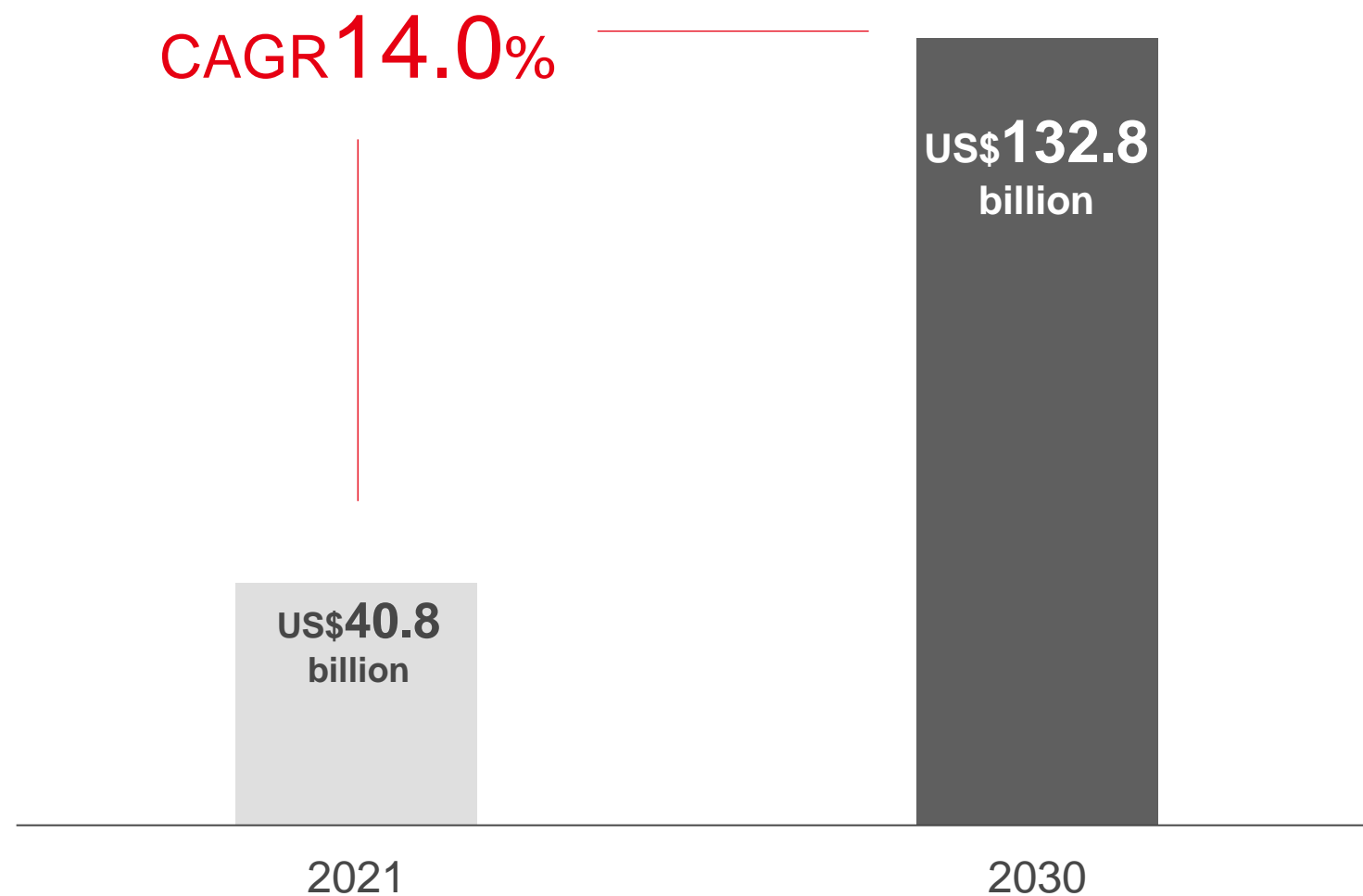
- ✓ No numerical figure is yet available for the domestic GRC market, but GRC and security controls are a pressing issue for Japanese companies
- ✓ The global GRC market is forecast to grow by 14.0% annually on average; similar growth is anticipated for Japan



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

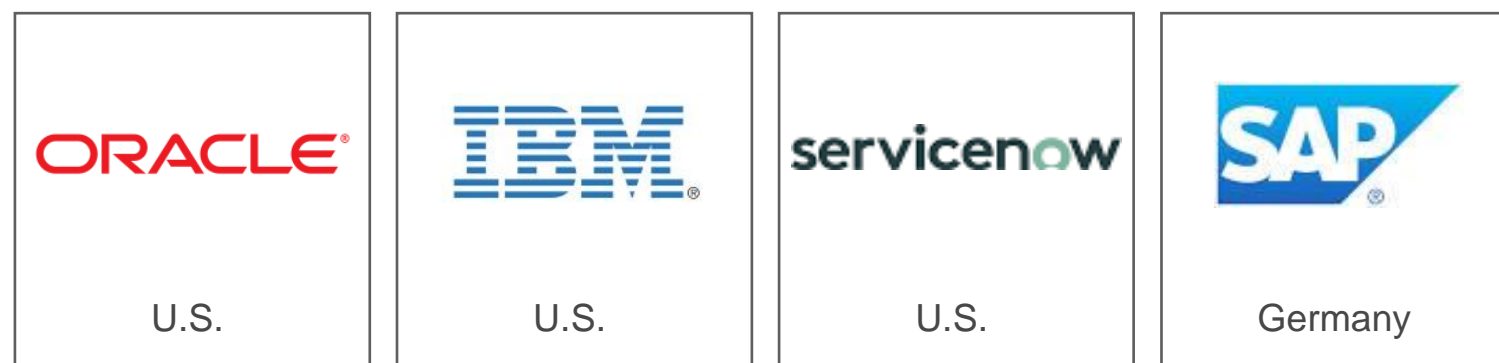
Major global accounting & consulting firms and solution vendors

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

Disclaimer

This material contains forward-looking statements based on estimations. These forward-looking statements are based on the information available as of the date of publication of this material.

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.

In addition, information regarding matters and organizations other than ourselves is based on publicly available information.

Note that we have not verified, or guarantee, the accuracy or appropriateness of such publicly available information.



www.grcs.co.jp

The information contained in this material is based on what GRCS has obtained or found out as of the time of preparing it. Although GRCS endeavors to provide information as accurate as possible, GRCS does not take any responsibility for any actions taken by the users based on the information of this material.