

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended August 31, 2023 (Based on Japanese GAAP)

October 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 to file Quarterly Securities Report: October 13, 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 nine months ended August 31, 2023 (from December 1, 2022 to August 31, 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	%
Nine months ended August 31, 2023	2,047	16.2	(161)	–	(175)	–	(211)	–
Nine months ended August 31, 2022	1,763	–	(56)	–	(51)	–	(81)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2023	(165.32)	–
Nine months ended August 31, 2022	(61.97)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2023	1,548	283	15.6
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	–	0.00	–		
Year ending November 30, 2023 (Forecast)				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	3,005	25.3	36	–	21	–	5	–	3.94

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 31, 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 August 31, 2023	1,314,130 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 August 31, 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)

Nine months ended August 31, 2023	1,281,339 shares	Nine months ended August 31, 2022	1,308,612 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2022	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	847,454	704,945
Accounts receivable - trade and contract assets	397,931	305,392
Work in process	362	7,164
Advance payments to suppliers	25,644	81,584
Prepaid expenses	35,537	29,852
Other	11,010	5,606
Total current assets	1,317,941	1,134,546
Non-current assets		
Property, plant and equipment		
Buildings, net	41,529	62,583
Tools, furniture and fixtures, net	734	4,941
Total property, plant and equipment	42,264	67,525
Intangible assets		
Software	11,378	7,817
Software in progress	–	6,880
Goodwill	–	226,190
Total intangible assets	11,378	240,887
Investments and other assets		
Long-term prepaid expenses	1,320	1,031
Deferred tax assets	84,455	64,677
Guarantee deposits	43,138	37,294
Other	0	250
Total investments and other assets	128,913	103,254
Total non-current assets	182,556	411,667
Deferred assets		
Bond issuance costs	–	2,160
Total deferred assets	–	2,160
Total assets	1,500,497	1,548,373

(Thousands of yen)

	As of November 30, 2022	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	123,127	80,405
Short-term borrowings	29,165	100,000
Current portion of bonds payable	–	20,000
Current portion of long-term borrowings	142,788	155,286
Accrued expenses	185,573	125,531
Income taxes payable	18,086	2,595
Accrued consumption taxes	37,785	20,568
Contract liabilities	65,465	147,163
Deposits received	7,072	8,064
Provision for bonuses	148	47,151
Total current liabilities	609,212	706,766
Non-current liabilities		
Bonds payable	–	80,000
Long-term borrowings	396,379	360,518
Asset retirement obligations	13,202	17,579
Long-term accounts payable - other	–	100,000
Total non-current liabilities	409,581	558,097
Total liabilities	1,018,793	1,264,864
Net assets		
Shareholders' equity		
Share capital	299,200	303,530
Capital surplus	263,669	267,999
Retained earnings	(18,753)	(230,578)
Treasury shares	(99,713)	(99,713)
Total shareholders' equity	444,403	241,237
Share acquisition rights	317	317
Non-controlling interests	36,983	41,954
Total net assets	481,703	283,509
Total liabilities and net assets	1,500,497	1,548,373

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	Nine months ended August 31, 2023
Net sales	1,763,017	2,047,868
Cost of sales	1,404,696	1,507,938
Gross profit	358,320	539,930
Selling, general and administrative expenses	414,682	701,174
Operating loss	(56,362)	(161,243)
Non-operating income		
Interest income	6	7
Rental income	–	1,125
Commission income	363	415
Surrender value of insurance policies	14,798	–
Other	1,300	155
Total non-operating income	16,469	1,702
Non-operating expenses		
Interest expenses	2,653	5,575
Going public expenses	1,768	–
Foreign exchange losses	6,646	10,131
Other	262	527
Total non-operating expenses	11,331	16,234
Ordinary loss	(51,224)	(175,775)
Loss before income taxes	(51,224)	(175,775)
Income taxes - current	13,544	11,301
Income taxes - deferred	9,707	19,777
Total income taxes	23,251	31,078
Loss	(74,475)	(206,854)
Profit attributable to non-controlling interests	6,615	4,970
Loss attributable to owners of parent	(81,091)	(211,825)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Loss	(74,475)	(206,854)
Comprehensive income	(74,475)	(206,854)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(81,091)	(211,825)
Comprehensive income attributable to non-controlling interests	6,615	4,970