

Translation

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Summary of Consolidated Financial Results for the Year Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 2024

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, 2024
 Scheduled date to file Securities Report: February 28, 2024
 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, 2023 (from December 1, 2022 to November 30, 2023)

(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, 2023	2,783	16.0	(145)	–	(173)	–	(280)	–
Year ended November 30, 2022	2,398	–	(187)	–	(187)	–	(209)	–

	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, 2023	(218.52)	–	–	(11.8)	(5.2)
Year ended November 30, 2022	(160.60)	–	–	(12.5)	(7.8)

(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, 2023	1,434	218	12.1	134.63
As of November 30, 2022	1,500	481	29.6	347.19

(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, 2023	(121)	(214)	104	611
Year ended November 30, 2022	(251)	19	204	847

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, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended November 30, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending November 30, 2024 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending November 30, 2024 (from December 1, 2023 to November 30, 2024)

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	3,315	19.1	53	–	34	–	17	–	13.34

4. Notes

- (1) Changes in significant subsidiaries during the year ended November 30, 2023
(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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- 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, 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 November 30, 2023	29,800 shares	As of November 30, 2022	29,800 shares
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Average number of shares during the period

Year ended November 30, 2023	1,282,087 shares	Year ended November 30, 2022	1,301,459 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2022	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	847,454	611,459
Accounts receivable - trade and contract assets	397,931	339,090
Work in process	362	1,737
Advance payments to suppliers	25,644	59,410
Prepaid expenses	35,537	51,295
Other	11,010	5,721
Total current assets	1,317,941	1,068,715
Non-current assets		
Property, plant and equipment		
Buildings, net	41,529	61,492
Tools, furniture and fixtures, net	734	4,517
Total property, plant and equipment	42,264	66,009
Intangible assets		
Software	11,378	13,331
Goodwill	–	246,020
Total intangible assets	11,378	259,351
Investments and other assets		
Long-term prepaid expenses	1,320	990
Deferred tax assets	84,455	–
Guarantee deposits	43,138	37,155
Other	0	250
Total investments and other assets	128,913	38,395
Total non-current assets	182,556	363,756
Deferred assets		
Bond issuance costs	–	1,957
Total deferred assets	–	1,957
Total assets	1,500,497	1,434,430

(Thousands of yen)

	As of November 30, 2022	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	123,127	84,708
Short-term borrowings	29,165	100,000
Current portion of bonds payable	–	20,000
Current portion of long-term borrowings	142,788	154,476
Accrued expenses	185,573	187,172
Income taxes payable	18,086	4,697
Accrued consumption taxes	37,785	24,507
Contract liabilities	65,465	116,895
Deposits received	7,072	9,461
Provision for bonuses	148	748
Total current liabilities	609,212	702,668
Non-current liabilities		
Bonds payable	–	70,000
Long-term borrowings	396,379	321,899
Deferred tax liabilities	–	4,158
Asset retirement obligations	13,202	17,586
Long-term accounts payable - other	–	100,000
Total non-current liabilities	409,581	513,643
Total liabilities	1,018,793	1,216,311
Net assets		
Shareholders' equity		
Share capital	299,200	303,530
Capital surplus	263,669	267,999
Retained earnings	(18,753)	(298,910)
Treasury shares	(99,713)	(99,713)
Total shareholders' equity	444,403	172,905
Share acquisition rights	317	–
Non-controlling interests	36,983	45,213
Total net assets	481,703	218,118
Total liabilities and net assets	1,500,497	1,434,430

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

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Net sales	2,398,915	2,783,909
Cost of sales	1,962,455	1,991,967
Gross profit	436,459	791,942
Selling, general and administrative expenses	623,985	937,479
Operating loss	(187,526)	(145,537)
Non-operating income		
Interest income	7	7
Rental income	195	1,522
Commission income	545	415
Surrender value of insurance policies	14,798	–
Other	1,349	156
Total non-operating income	16,895	2,101
Non-operating expenses		
Interest expenses	3,934	7,177
Going public expenses	1,768	–
Foreign exchange losses	9,841	21,685
Other	1,124	986
Total non-operating expenses	16,668	29,849
Ordinary loss	(187,299)	(173,284)
Extraordinary income		
Gain on reversal of share acquisition rights	–	317
Total extraordinary income	–	317
Extraordinary losses		
Loss on retirement of non-current assets	3,867	–
Total extraordinary losses	3,867	–
Loss before income taxes	(191,166)	(172,967)
Income taxes - current	8,613	10,347
Income taxes - deferred	2,474	88,613
Total income taxes	11,088	98,960
Loss	(202,255)	(271,927)
Profit attributable to non-controlling interests	6,763	8,229
Loss attributable to owners of parent	(209,019)	(280,157)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Loss	(202,255)	(271,927)
Comprehensive income	(202,255)	(271,927)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(209,019)	(280,157)
Comprehensive income attributable to non-controlling interests	6,763	8,229

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

Fiscal year ended November 30, 2023

(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	299,200	263,669	(18,753)	(99,713)	444,403	317	36,983	481,703
Changes during period								
Issuance of new shares	4,330	4,330			8,660			8,660
Loss attributable to owners of parent			(280,157)		(280,157)			(280,157)
Net changes in items other than shareholders' equity						(317)	8,229	7,912
Total changes during period	4,330	4,330	(280,157)	–	(271,497)	(317)	8,229	(263,585)
Balance at end of period	303,530	267,999	(298,910)	(99,713)	172,905	–	45,213	218,118

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Cash flows from operating activities		
Loss before income taxes	(191,166)	(172,967)
Depreciation	8,901	13,951
Amortization of goodwill	8,587	32,979
Interest income	(7)	(7)
Surrender value of insurance policies	(14,798)	–
Interest expenses	3,934	7,342
Foreign exchange losses (gains)	(67)	4,330
Loss on retirement of non-current assets	3,867	–
Decrease (increase) in trade receivables	(132,689)	58,841
Decrease (increase) in inventories	1,420	(1,374)
Increase (decrease) in trade payables	42,905	(38,418)
Increase (decrease) in provision for bonuses	148	599
Going public expenses	1,768	–
Increase (decrease) in contract liabilities	23,411	51,430
Decrease (increase) in advance payments to suppliers	6,410	(33,766)
Increase (decrease) in accrued expenses	54,344	7,268
Increase (decrease) in accrued consumption taxes	(5,859)	(13,277)
Increase (decrease) in income taxes payable - factor based tax	(7,683)	(857)
Decrease (increase) in other assets	(28,436)	(17,262)
Increase (decrease) in other liabilities	318	2,389
Other, net	–	166
Subtotal	(224,690)	(98,631)
Interest received	7	7
Interest paid	(4,070)	(7,209)
Income taxes paid	(23,818)	(25,210)
Income taxes refund	680	9,352
Net cash provided by (used in) operating activities	(251,891)	(121,692)
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,898)	(28,397)
Purchase of intangible assets	(1,390)	(6,880)
Payments for asset retirement obligations	–	(5,700)
Payments for acquisition of businesses	–	(179,000)
Proceeds from cancellation of insurance funds	14,798	–
Payments of guarantee deposits	(25,190)	(8,027)
Proceeds from refund of guarantee deposits	–	14,010
Purchase of long-term prepaid expenses	(825)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	61,303	–
Other, net	–	(250)
Net cash provided by (used in) investing activities	19,797	(214,245)

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,337)	70,835
Proceeds from long-term borrowings	420,000	100,000
Repayments of long-term borrowings	(107,551)	(162,792)
Proceeds from issuance of bonds	–	97,569
Redemption of bonds	–	(10,000)
Purchase of treasury shares	(99,713)	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,600	8,660
Other, net	(1,768)	–
Net cash provided by (used in) financing activities	204,230	104,272
Effect of exchange rate change on cash and cash equivalents	67	(4,330)
Net increase (decrease) in cash and cash equivalents	(27,795)	(235,995)
Cash and cash equivalents at beginning of period	875,250	847,454
Cash and cash equivalents at end of period	847,454	611,459