

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended May 31, 2024 (Based on Japanese GAAP)

July 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 to file Quarterly Securities Report: July 12, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2024 (from December 1, 2023 to May 31, 2024)

(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	%
Six months ended May 31, 2024	1,616	18.3	30	–	17	–	2	–
Six months ended May 31, 2023	1,366	–	(125)	–	(131)	–	(160)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended May 31, 2024	2.18	–
Six months ended May 31, 2023	(125.44)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	1,698	291	16.6
As of November 30, 2023	1,434	218	12.1

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, 2023	–	0.00	–	0.00	0.00
Year ending November 30, 2024	–	0.00			
Year ending November 30, 2024 (Forecast)			–	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 six months ended May 31, 2024  
 (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: No
- 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 May 31, 2024	1,380,130 shares	As of November 30, 2023	1,314,130 shares
--------------------	------------------	-------------------------	------------------

Number of treasury shares at the end of the period

As of May 31, 2024	29,800 shares	As of November 30, 2023	29,800 shares
--------------------	---------------	-------------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended May 31, 2024	1,295,330 shares	Six months ended May 31, 2023	1,280,073 shares
-------------------------------	------------------	-------------------------------	------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	611,459	608,029
Accounts receivable - trade and contract assets	339,090	424,669
Work in process	1,737	3,801
Advance payments to suppliers	59,410	108,116
Prepaid expenses	51,295	39,009
Other	5,721	1,423
<b>Total current assets</b>	<b>1,068,715</b>	<b>1,185,049</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	61,492	57,089
Tools, furniture and fixtures, net	4,517	8,517
<b>Total property, plant and equipment</b>	<b>66,009</b>	<b>65,606</b>
<b>Intangible assets</b>		
Software	13,331	11,477
Software in progress	–	1,909
Goodwill	246,020	386,236
<b>Total intangible assets</b>	<b>259,351</b>	<b>399,624</b>
<b>Investments and other assets</b>		
Long-term prepaid expenses	990	825
Deferred tax assets	–	5,947
Guarantee deposits	37,155	38,379
Other	250	1,750
<b>Total investments and other assets</b>	<b>38,395</b>	<b>46,902</b>
<b>Total non-current assets</b>	<b>363,756</b>	<b>512,133</b>
<b>Deferred assets</b>		
Bond issuance costs	1,957	1,552
<b>Total deferred assets</b>	<b>1,957</b>	<b>1,552</b>
<b>Total assets</b>	<b>1,434,430</b>	<b>1,698,736</b>

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	84,708	87,644
Short-term borrowings	100,000	–
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	154,476	184,524
Accrued expenses	187,172	198,773
Income taxes payable	4,697	29,415
Accrued consumption taxes	24,507	57,224
Contract liabilities	116,895	236,142
Deposits received	9,461	9,138
Provision for bonuses	748	46,701
<b>Total current liabilities</b>	<b>702,668</b>	<b>869,564</b>
<b>Non-current liabilities</b>		
Bonds payable	70,000	60,000
Long-term borrowings	321,899	356,269
Deferred tax liabilities	4,158	3,724
Asset retirement obligations	17,586	17,598
Long-term accounts payable - other	100,000	100,000
<b>Total non-current liabilities</b>	<b>513,643</b>	<b>537,591</b>
<b>Total liabilities</b>	<b>1,216,311</b>	<b>1,407,156</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	303,530	363,524
Capital surplus	267,999	314,340
Retained earnings	(298,910)	(296,087)
Treasury shares	(99,713)	(99,713)
<b>Total shareholders' equity</b>	<b>172,905</b>	<b>282,064</b>
Share acquisition rights	–	9,515
Non-controlling interests	45,213	–
<b>Total net assets</b>	<b>218,118</b>	<b>291,579</b>
<b>Total liabilities and net assets</b>	<b>1,434,430</b>	<b>1,698,736</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Net sales	1,366,361	1,616,210
Cost of sales	1,021,333	1,045,193
Gross profit	345,028	571,017
Selling, general and administrative expenses	470,966	540,152
Operating profit (loss)	(125,937)	30,865
Non-operating income		
Interest income	4	2
Rental income	727	–
Commission income	227	181
Other	155	15
Total non-operating income	1,114	200
Non-operating expenses		
Interest expenses	3,752	3,427
Share issuance costs	–	5,589
Foreign exchange losses	2,184	3,373
Other	242	807
Total non-operating expenses	6,179	13,197
Ordinary profit (loss)	(131,002)	17,868
Profit (loss) before income taxes	(131,002)	17,868
Income taxes - current	6,462	21,427
Income taxes - deferred	19,259	(6,382)
Total income taxes	25,721	15,045
Profit (loss)	(156,724)	2,823
Profit attributable to non-controlling interests	3,854	–
Profit (loss) attributable to owners of parent	(160,578)	2,823

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Profit (loss)	(156,724)	2,823
Comprehensive income	(156,724)	2,823
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(160,578)	2,823
Comprehensive income attributable to non-controlling interests	3,854	–

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(131,002)	17,868
Depreciation	5,704	7,324
Amortization of goodwill	14,880	59,783
Share-based payment expenses	–	7,330
Interest income	(4)	(2)
Interest expenses	3,834	3,509
Share issuance costs	–	5,589
Foreign exchange losses (gains)	(2)	953
Decrease (increase) in trade receivables	102,648	(85,578)
Decrease (increase) in inventories	(4,451)	(2,064)
Increase (decrease) in trade payables	(47,180)	2,936
Increase (decrease) in provision for bonuses	10,105	45,953
Increase (decrease) in contract liabilities	55,456	119,246
Decrease (increase) in advance payments to suppliers	(67,926)	(48,706)
Increase (decrease) in accrued expenses	(16,970)	11,616
Increase (decrease) in accrued consumption taxes	(17,179)	32,716
Increase (decrease) in income taxes payable - factor based tax	531	4,160
Decrease (increase) in other assets	(20,770)	14,039
Increase (decrease) in other liabilities	892	(323)
Other, net	70	519
Subtotal	(111,363)	196,872
Interest received	4	2
Interest paid	(3,323)	(3,486)
Income taxes paid	(13,060)	(868)
Income taxes refund	9,352	2,673
Net cash provided by (used in) operating activities	(118,390)	195,193
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,358)	(5,068)
Purchase of intangible assets	–	(1,909)
Payments for asset retirement obligations	(5,700)	–
Payments for acquisition of businesses	(150,000)	(200,000)
Payments of guarantee deposits	(7,848)	(1,224)
Proceeds from refund of guarantee deposits	13,692	–
Other, net	(250)	(1,500)
Net cash provided by (used in) investing activities	(156,464)	(209,701)

	(Thousands of yen)	
	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	74,998	(100,000)
Proceeds from long-term borrowings	100,000	150,000
Repayments of long-term borrowings	(82,242)	(85,582)
Proceeds from issuance of bonds	97,569	–
Redemption of bonds	–	(10,000)
Proceeds from issuance of shares	–	114,332
Proceeds from issuance of shares resulting from exercise of share acquisition rights	440	–
Proceeds from issuance of share acquisition rights	–	2,082
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(58,800)
Net cash provided by (used in) financing activities	190,765	12,032
Effect of exchange rate change on cash and cash equivalents	2	(953)
Net increase (decrease) in cash and cash equivalents	(84,086)	(3,429)
Cash and cash equivalents at beginning of period	847,454	611,459
Cash and cash equivalents at end of period	763,367	608,029