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October 15, 2024

Consolidated Financial Results for the Nine Months Ended August 31, 2024 (Under Japanese GAAP)

Company name: GRCS Inc.
Listing: Tokyo Stock Exchange
Securities code: 9250
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Representative: Yoshikazu Sasaki, Representative Director and President
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended August 31, 2024 (from December 1, 2023 to August 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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2024	2,427	18.5	(11)	-	(27)	-	(33)	-
August 31, 2023	2,047	16.2	(161)	-	(175)	-	(211)	-

Note: Comprehensive income For the nine months ended August 31, 2024: ¥(33) million [- %]
For the nine months ended August 31, 2023: ¥(206) million [- %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
August 31, 2024	(25.83)	-
August 31, 2023	(165.32)	-

Note: Diluted net income per share for the third quarter of the fiscal year ending November 30, 2023 is not shown in the above table, because net income per share was negative although there are residual shares. Diluted net income per share for the third quarter of the fiscal year ending November 30, 2024 is not shown because there are no residual securities with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2024	1,813	262	13.5
November 30, 2023	1,434	218	12.1

Reference: Equity
As of August 31, 2024 : ¥245 million
As of November 30, 2023: ¥172 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2023	-	0.00	-	0.00	0.00
Fiscal year ending November 30, 2024	-	0.00	-		
Fiscal year ending November 30, 2024 (Forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending November 30, 2024	3,315	19.1	53	-	34	-	17	-	13.34

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2024	1,380,130 shares
As of November 30, 2023	1,314,130 shares

(ii) Number of treasury shares at the end of the period

As of August 31, 2024	29,803 shares
As of November 30, 2023	29,800 shares

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

Nine months ended August 31, 2024	1,313,662 shares
Nine months ended August 31, 2023	1,281,339 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: nil

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. Please refer to "1. Qualitative Information on Financial Results for this quarter (3) Explanation of Forward-Looking Statements, including Consolidated Earnings Forecasts" on page 3 for the assumptions used for earnings forecasts and precautions regarding the use of earnings forecasts.

(Method of accessing supplementary material on financial results)

Supplementary materials for financial results are disclosed on TDnet on the same day and posted on the Company's website.

Quarterly consolidated balance sheet

(Thousands of yen)

	As of November 30, 2023	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	611,459	638,838
Accounts receivable - trade and contract assets	339,090	546,514
Work in process	1,737	4,791
Advance payments to suppliers	59,410	90,412
Prepaid expenses	51,295	33,783
Other	5,721	1,211
Total current assets	1,068,715	1,315,551
Non-current assets		
Property, plant and equipment		
Buildings, net	61,492	55,274
Tools, furniture and fixtures, net	4,517	8,513
Total property, plant and equipment	66,009	63,787
Intangible assets		
Software	13,331	10,726
Software in progress	-	6,609
Goodwill	246,020	369,440
Total intangible assets	259,351	386,776
Investments and other assets		
Long-term prepaid expenses	990	1,485
Deferred tax assets	-	3,934
Guarantee deposits	37,155	38,379
Other	250	1,750
Total investments and other assets	38,395	45,549
Total non-current assets	363,756	496,114
Deferred assets		
Bond issuance costs	1,957	1,350
Total deferred assets	1,957	1,350
Total assets	1,434,430	1,813,015

(Thousands of yen)

	As of November 30, 2023	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	84,708	140,184
Short-term borrowings	100,000	50,000
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	154,476	199,536
Accrued expenses	187,172	154,636
Income taxes payable	4,697	12,402
Accrued consumption taxes	24,507	69,039
Contract liabilities	116,895	209,038
Deposits received	9,461	21,204
Provision for bonuses	748	101,085
Total current liabilities	702,668	977,127
Non-current liabilities		
Bonds payable	70,000	60,000
Long-term borrowings	321,899	392,624
Deferred tax liabilities	4,158	3,506
Asset retirement obligations	17,586	17,605
Long-term accounts payable - other	100,000	100,000
Total non-current liabilities	513,643	573,736
Total liabilities	1,216,311	1,550,864
Net assets		
Shareholders' equity		
Share capital	303,530	363,524
Capital surplus	267,999	314,340
Retained earnings	(298,910)	(332,840)
Treasury shares	(99,713)	(99,718)
Total shareholders' equity	172,905	245,305
Share acquisition rights	-	16,846
Non-controlling interests	45,213	-
Total net assets	218,118	262,151
Total liabilities and net assets	1,434,430	1,813,015

Quarterly consolidated statement of income

(Thousands of yen)

	Nine months ended August 31, 2023	Nine months ended August 31, 2024
Net sales	2,047,868	2,427,628
Cost of sales	1,507,938	1,642,466
Gross profit	539,930	785,162
Selling, general and administrative expenses	701,174	796,536
Operating loss	(161,243)	(11,373)
Non-operating income		
Interest income	7	36
Rental income	1,125	-
Commission income	415	363
Other	155	16
Total non-operating income	1,702	416
Non-operating expenses		
Interest expenses	5,575	5,121
Share issuance costs	-	5,589
Foreign exchange losses	10,131	5,005
Other	527	1,149
Total non-operating expenses	16,234	16,866
Ordinary loss	(175,775)	(27,823)
Loss before income taxes	(175,775)	(27,823)
Income taxes - current	11,301	10,692
Income taxes - deferred	19,777	(4,586)
Total income taxes	31,078	6,106
Loss	(206,854)	(33,929)
Profit attributable to non-controlling interests	4,970	-
Loss attributable to owners of parent	(211,825)	(33,929)

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Nine months ended August 31, 2023	Nine months ended August 31, 2024
Loss	(206,854)	(33,929)
Comprehensive income	(206,854)	(33,929)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(211,825)	(33,929)
Comprehensive income attributable to non-controlling interests	4,970	-