

January 14, 2025

Consolidated Financial Results for the Fiscal Year Ended November 30, 2024 (Under Japanese GAAP)

Company name: GRCS Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9250
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 Scheduled date of annual general meeting of shareholders: February 28, 2025
 Scheduled date to commence dividend payments: -
 Scheduled date to file annual securities report: February 28, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended November 30, 2024 (from December 1, 2023 to November 30, 2024)

(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	%
Fiscal year ended								
November 30, 2024	3,288	18.1	44	-	25	-	112	-
November 30, 2023	2,783	16.0	(145)	-	(173)	-	(280)	-

Note: Comprehensive income For the fiscal year ended November 30, 2024: ¥ 112 million [- %]
 For the fiscal year ended November 30, 2023: ¥ (271) million [- %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
November 30, 2024	85.05	-	39.9	1.5	1.3
November 30, 2023	(218.52)	-	-	(11.8)	(5.2)

Note: Although the Company has potential shares, diluted earnings per share for the fiscal year ended November 30, 2023 is not provided because basic loss per share was recorded. Diluted net income per share for 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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2024	1,923	415	20.4	290.11
November 30, 2023	1,434	218	12.1	134.63

Reference: Equity
 As of November 30, 2024: ¥ 391 million
 As of November 30, 2023: ¥ 172 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
November 30, 2024	312	(224)	41	740
November 30, 2023	(121)	(214)	104	611

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
November 30, 2023	-	0.00	-	0.00	0.00	-	-	-
November 30, 2024	-	0.00	-	0.00	0.00	-	-	-
November 30, 2025 (Forecast)		0.00		0.00	0.00			

3. Forecast of consolidated financial results for the fiscal year ending November 30, 2025 (from December 1, 2024 to November 30, 2025)

(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, 2025	3,953	20.2	115	161.5	89	249.4	60	(46.1)	44.92

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) 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

- (3) Number of issued shares (common shares)

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

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

- (iii) Average number of shares outstanding during the period

Fiscal year ended November 30, 2024	1,322,829 shares
Fiscal year ended November 30, 2023	1,282,087 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended November 30, 2024 (from December 1, 2023 to November 30, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2024	2,948	20.8	15	-	99	-	193	-
November 30, 2023	2,441	9.9	(185)	-	(210)	-	(299)	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
November 30, 2024	145.90	-
November 30, 2023	(233.50)	-

Note: 1. the fiscal year ending November 30, 2024 saw an increase in net sales due to improved utilization rates in the GRC security business and the start of transactions with new securities firms in the financial technology business. In addition, operating income and ordinary income increased compared to the fiscal year ending November 30, 2023 due to strong sales of products with high gross profit margins and the curbing of selling, general and administrative expenses by reviewing operating costs. Net income exceeded the previous year's level due to the recognition of deferred tax assets as a result of careful consideration of the recoverability of deferred tax assets in light of recent business performance trends.

2. Diluted net income per share for 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 fiscal year ending November 30, 2024 is not shown because there are no residual securities with dilutive effects.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
November 30, 2024	1,874	491	25.0	346.38
November 30, 2023	1,289	154	12.0	120.54

Reference: Equity

As of November 30, 2024: ¥ 467 million

As of November 30, 2023: ¥ 154 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* 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 "(4) Future outlook" of "1. Overview of Operating Results and Others" on page 3 of the attached materials for the conditions that form the assumptions for the forecasts of financial results and cautions concerning the use thereof.

(Method of accessing supplementary material on financial results and contents of the financial results briefing)

The Company plans to hold a financial results presentation for institutional investors and analysts on January 15, 2025 (Wednesday), and the financial results presentation materials to be used on that day will be posted on the Company's website.

Consolidated balance sheet

(Thousands of yen)

	As of November 30, 2023	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	611,459	740,032
Accounts receivable - trade and contract assets	339,090	491,070
Allowance for doubtful accounts	-	(4,493)
Work in process	1,737	3,510
Advance payments to suppliers	59,410	68,040
Prepaid expenses	51,295	30,249
Other	5,721	4,183
Total current assets	1,068,715	1,332,592
Non-current assets		
Property, plant and equipment		
Buildings, net	61,492	53,458
Tools, furniture and fixtures, net	4,517	7,886
Total property, plant and equipment	66,009	61,345
Intangible assets		
Software	13,331	21,085
Software in progress	-	1,989
Goodwill	232,136	340,160
Customer-related intangible assets	13,883	12,483
Total intangible assets	259,351	375,719
Investments and other assets		
Long-term prepaid expenses	990	1,381
Deferred tax assets	-	111,100
Guarantee deposits	37,155	38,379
Other	250	1,750
Total investments and other assets	38,395	152,612
Total non-current assets	363,756	589,677
Deferred assets		
Bond issuance costs	1,957	1,147
Total deferred assets	1,957	1,147
Total assets	1,434,430	1,923,417

(Thousands of yen)

	As of November 30, 2023	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	84,708	130,500
Short-term borrowings	100,000	37,499
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	154,476	193,994
Accrued expenses	187,172	283,853
Income taxes payable	4,697	32,769
Accrued consumption taxes	24,507	89,555
Contract liabilities	116,895	180,642
Deposits received	9,461	22,765
Provision for bonuses	748	-
Total current liabilities	702,668	991,580
Non-current liabilities		
Bonds payable	70,000	50,000
Long-term borrowings	321,899	348,862
Deferred tax liabilities	4,158	-
Asset retirement obligations	17,586	17,611
Long-term accounts payable - other	100,000	100,000
Total non-current liabilities	513,643	516,473
Total liabilities	1,216,311	1,508,053
Net assets		
Shareholders' equity		
Share capital	303,530	363,524
Capital surplus	267,999	314,340
Retained earnings	(298,910)	(186,403)
Treasury shares	(99,713)	(99,718)
Total shareholders' equity	172,905	391,743
Share acquisition rights	-	23,620
Non-controlling interests	45,213	-
Total net assets	218,118	415,364
Total liabilities and net assets	1,434,430	1,923,417

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended November 30, 2023	Fiscal year ended November 30, 2024
Net sales	2,783,909	3,288,826
Cost of sales	1,991,967	2,216,500
Gross profit	791,942	1,072,326
Selling, general and administrative expenses	937,479	1,028,163
Operating profit (loss)	(145,537)	44,162
Non-operating income		
Interest income	7	146
Rental income	1,522	-
Commission income	415	545
Other	156	16
Total non-operating income	2,101	708
Non-operating expenses		
Interest expenses	7,177	7,305
Share issuance costs	-	5,589
Foreign exchange losses	21,685	4,863
Other	986	1,513
Total non-operating expenses	29,849	19,271
Ordinary profit (loss)	(173,284)	25,599
Extraordinary income		
Gain on reversal of share acquisition rights	317	-
Total extraordinary income	317	-
Extraordinary losses		
Loss on retirement of non-current assets	-	59
Total extraordinary losses	-	59
Profit (loss) before income taxes	(172,967)	25,540
Income taxes - current	10,347	28,291
Income taxes - deferred	88,613	(115,259)
Total income taxes	98,960	(86,967)
Profit (loss)	(271,927)	112,507
Profit attributable to non-controlling interests	8,229	-
Profit (loss) attributable to owners of parent	(280,157)	112,507

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended November 30, 2023	Fiscal year ended November 30, 2024
Profit (loss)	(271,927)	112,507
Comprehensive income	(271,927)	112,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(280,157)	112,507
Comprehensive income attributable to non-controlling interests	8,229	-

Consolidated statement of changes in equity

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
Issuance of new shares	4,330	4,330			8,660			8,660
Profit (loss) attributable to owners of parent			(280,157)		(280,157)			(280,157)
Purchase of treasury shares								
Additional purchase of shares of consolidated subsidiaries								
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 statement of changes in equity

Fiscal year ended November 30, 2024

(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	303,530	267,999	(298,910)	(99,713)	172,905	-	45,213	218,118
Issuance of new shares	59,994	59,928			119,922			119,922
Profit (loss) attributable to owners of parent			112,507		112,507			112,507
Purchase of treasury shares				(5)	(5)			(5)
Additional purchase of shares of consolidated subsidiaries		(13,586)			(13,586)		(45,213)	(58,800)
Net changes in items other than shareholders' equity						23,620	-	23,620
Total changes during period	59,994	46,341	112,507	(5)	218,837	23,620	(45,213)	197,245
Balance at end of period	363,524	314,340	(186,403)	(99,718)	391,743	23,620	-	415,364

Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2023	Fiscal year ended November 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(172,967)	25,540
Depreciation	14,067	17,187
Amortization of goodwill	32,863	91,976
Share-based payment expenses	-	21,436
Interest income	(7)	(146)
Interest expenses	7,342	7,305
Share issuance costs	-	5,589
Loss on retirement of non-current assets	-	59
Foreign exchange losses (gains)	4,330	1,246
Increase (decrease) in allowance for doubtful accounts	-	4,493
Decrease (increase) in trade receivables	58,841	(151,980)
Decrease (increase) in inventories	(1,374)	(1,772)
Increase (decrease) in trade payables	(38,418)	45,791
Increase (decrease) in provision for bonuses	599	(748)
Increase (decrease) in contract liabilities	51,430	63,746
Decrease (increase) in advance payments to suppliers	(33,766)	(8,629)
Increase (decrease) in accrued expenses	7,268	96,632
Increase (decrease) in accrued consumption taxes	(13,277)	65,047
Increase (decrease) in income taxes payable - factor based tax	(857)	5,412
Decrease (increase) in other assets	(17,262)	20,404
Increase (decrease) in other liabilities	2,389	13,304
Other, net	166	937
Subtotal	(98,631)	322,833
Interest received	7	146
Interest paid	(7,209)	(7,317)
Income taxes paid	(25,210)	(5,632)
Income taxes refund	9,352	2,673
Net cash provided by (used in) operating activities	(121,692)	312,704

(Thousands of yen)

	Fiscal year ended November 30, 2023	Fiscal year ended November 30, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,397)	(7,827)
Purchase of intangible assets	(6,880)	(13,099)
Payments for asset retirement obligations	(5,700)	-
Payments for acquisition of businesses	(179,000)	(200,000)
Payments of guarantee deposits	(8,027)	(1,224)
Proceeds from refund of guarantee deposits	14,010	-
Purchase of long-term prepaid expenses	-	(825)
Other, net	(250)	(1,500)
Net cash provided by (used in) investing activities	(214,245)	(224,475)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	70,835	(62,501)
Proceeds from long-term borrowings	100,000	250,000
Repayments of long-term borrowings	(162,792)	(183,519)
Proceeds from issuance of bonds	97,569	-
Redemption of bonds	(10,000)	(20,000)
Proceeds from issuance of shares	-	114,332
Purchase of treasury shares	-	(5)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	8,660	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	104,272	41,589
Effect of exchange rate change on cash and cash equivalents	(4,330)	(1,246)
Net increase (decrease) in cash and cash equivalents	(235,995)	128,572
Cash and cash equivalents at beginning of period	847,454	611,459
Cash and cash equivalents at end of period	611,459	740,032