

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2020 (Based on Japanese GAAP)

February 12, 2021

Company name: GREENS CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6547 URL <https://www.kk-greens.jp/>
 Representative: President & Representative Director Muraki Takeya
 Director and General Manager
 Inquiries: Hiroya Ito TEL 059(351)5593
 Administration Div.
 Scheduled date to file Quarterly Securities Report: February 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

(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 December 31, 2020	8,223	(48.2)	(3,637)	–	(3,478)	–	(3,513)	–
Six months ended December 31, 2019	15,880	(1.3)	1,315	(32.1)	1,336	(31.0)	822	(37.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2020	(272.86)	–
Six months ended December 31, 2019	63.83	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	17,688	2,358	13.3
As of June 30, 2020	17,422	6,003	34.5

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 June 30, 2020	–	0.00	–	10.00	10.00
Year ending June 30, 2021	–	0.00	–	–	–
Year ending June 30, 2021 (Forecast)	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending June 30, 2021 (from July 1, 2020 to June 30, 2021)

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	–	–	–	–	–	–	–	–	–

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2020
(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: Yes
- (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 December 31, 2020	12,886,200 shares	As of June 30, 2020	12,886,200 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	9,742 shares	As of June 30, 2020	9,742 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2020	12,876,458 shares	Six months ended December 31, 2019	12,878,995 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	4,295,298	4,309,933
Accounts receivable - trade	444,945	1,087,294
Raw materials and supplies	93,861	110,070
Consumption taxes receivable	459,533	106,912
Other	1,195,396	1,022,976
Allowance for doubtful accounts	(410)	(1,090)
Total current assets	6,488,625	6,636,098
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,417,498	2,427,155
Tools, furniture and fixtures, net	332,834	377,761
Land	1,965,426	1,965,426
Leased assets, net	110,200	115,229
Construction in progress	412	—
Total property, plant and equipment	4,826,373	4,885,572
Intangible assets	265,011	217,139
Investments and other assets		
Investment securities	51,665	50,214
Long-term loans receivable	36,478	32,085
Guarantee deposits	5,581,170	5,691,363
Other	230,321	227,780
Allowance for doubtful accounts	(57,000)	(52,000)
Total investments and other assets	5,842,635	5,949,443
Total non-current assets	10,934,021	11,052,155
Total assets	17,422,646	17,688,254

(Thousands of yen)

	As of June 30, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	532,599	845,375
Short-term borrowings	5,000,000	8,700,000
Current portion of long-term borrowings	731,628	731,628
Accounts payable - other	539,318	680,371
Accrued expenses	534,229	613,928
Income taxes payable	57,969	97,102
Accrued consumption taxes	4,419	5,432
Other	259,770	241,320
Total current liabilities	7,659,936	11,915,158
Non-current liabilities		
Long-term borrowings	3,054,853	2,689,039
Asset retirement obligations	526,374	544,864
Other	178,352	180,502
Total non-current liabilities	3,759,579	3,414,405
Total liabilities	11,419,515	15,329,563
Net assets		
Shareholders' equity		
Share capital	1,948,025	1,948,025
Capital surplus	1,949,813	1,949,813
Retained earnings	2,119,758	(1,522,414)
Treasury shares	(8,917)	(8,917)
Total shareholders' equity	6,008,679	2,366,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,548)	(7,816)
Total accumulated other comprehensive income	(5,548)	(7,816)
Total net assets	6,003,130	2,358,690
Total liabilities and net assets	17,422,646	17,688,254

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2019	Six months ended December 31, 2020
Net sales	15,880,876	8,223,734
Cost of sales	11,578,725	9,844,830
Gross profit (loss)	4,302,151	(1,621,095)
Selling, general and administrative expenses	2,986,795	2,016,433
Operating profit (loss)	1,315,356	(3,637,528)
Non-operating income		
Interest income	446	358
Subsidy income	—	151,344
Other	29,295	29,322
Total non-operating income	29,741	181,025
Non-operating expenses		
Interest expenses	6,535	18,489
Other	2,217	3,585
Total non-operating expenses	8,752	22,074
Ordinary profit (loss)	1,336,344	(3,478,577)
Extraordinary income		
Gain on sales of non-current assets	—	37
Total extraordinary income	—	37
Extraordinary losses		
Loss on retirement of non-current assets	6,929	3,125
Impairment loss	63,093	—
Total extraordinary losses	70,023	3,125
Profit (loss) before income taxes	1,266,321	(3,481,665)
Income taxes	444,249	31,742
Profit (loss)	822,071	(3,513,407)
Profit (loss) attributable to owners of parent	822,071	(3,513,407)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2019	Six months ended December 31, 2020
Profit (loss)	822,071	(3,513,407)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,152	(2,267)
Total other comprehensive income	1,152	(2,267)
Comprehensive income	823,223	(3,515,675)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	823,223	(3,515,675)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2019	Six months ended December 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	1,266,321	(3,481,665)
Depreciation	238,464	243,496
Impairment loss	63,093	–
Amortization of goodwill	9,413	1,568
Interest and dividend income	(864)	(1,039)
Interest expenses	6,535	18,489
Decrease (increase) in trade receivables	(270,943)	(642,349)
Decrease (increase) in inventories	(23,537)	(16,209)
Increase (decrease) in trade payables	117,876	312,775
Increase (decrease) in income taxes payable - factor based tax	(10,045)	39,121
Increase (decrease) in accrued consumption taxes	(75,040)	1,012
Increase (decrease) in accounts payable - other	(201,364)	339,378
Other, net	48,697	161,988
Subtotal	1,168,605	(3,023,432)
Interest and dividends received	864	1,039
Interest paid	(6,637)	(18,247)
Income taxes (paid) refund	(373,253)	303,324
Net cash provided by (used in) operating activities	789,579	(2,737,315)
Cash flows from investing activities		
Purchase of property, plant and equipment	(379,013)	(233,198)
Purchase of intangible assets	(16,423)	(67,761)
Purchase of investment securities	(1,798)	(1,798)
Payments of guarantee deposits	(119,907)	(167,173)
Proceeds from refund of guarantee deposits	59,611	54,568
Purchase of long-term prepaid expenses	(20,376)	(7,628)
Other, net	(2,959)	(7,868)
Net cash provided by (used in) investing activities	(480,866)	(430,861)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	3,700,000
Proceeds from long-term borrowings	500,000	–
Repayments of long-term borrowings	(340,806)	(365,814)
Dividends paid	(296,515)	(128,635)
Purchase of treasury shares	(13,061)	–
Repayments of finance lease obligations	(20,382)	(22,737)
Net cash provided by (used in) financing activities	(170,765)	3,182,812
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	137,947	14,635
Cash and cash equivalents at beginning of period	5,635,286	4,295,298
Cash and cash equivalents at end of period	5,773,234	4,309,933