

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2021 (Based on Japanese GAAP)

August 13, 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 of ordinary general meeting of shareholders: September 27, 2021
 Scheduled date to file Securities Report: September 27, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

((Amounts less than one million yen are rounded down))

1. Consolidated financial results for the year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

(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 June 30, 2021	15,711	(31.4)	(8,573)	–	(8,346)	–	(8,803)	–
Year ended June 30, 2020	22,909	(25.9)	(3,456)	–	(3,514)	–	(4,334)	–

	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 June 30, 2021	(683.68)	–	(573.5)	(48.1)	(54.6)
Year ended June 30, 2020	(336.62)	–	(52.1)	(19.3)	(15.1)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	17,296	(2,933)	(17.0)	(227.80)
As of June 30, 2020	17,422	6,003	34.5	466.21

(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 June 30, 2021	(7,616)	(929)	8,132	3,881
Year ended June 30, 2020	(4,591)	(925)	4,176	4,295

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 June 30, 2020	–	0.00	–	10.00	10.00	128	–	1.5
Year ended June 30, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ending June 30, 2022 (Forecast)	–	–	–	–	–		–	

3. Forecast of consolidated financial results for the year ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

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
Six months ending December 31, 2021	—	—	—	—	—	—	—	—	—
Full year	—	—	—	—	—	—	—	—	—

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2021

(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 June 30, 2021	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 June 30, 2021	9,742 shares	As of June 30, 2020	9,742 shares
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Average number of shares during the period

Year ended June 30, 2021	12,876,458 shares	Year ended June 30, 2020	12,877,734 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	4,295,298	3,881,696
Accounts receivable - trade	444,945	894,719
Raw materials and supplies	93,861	100,253
Prepaid expenses	810,957	958,825
Income taxes receivable	336,042	—
Consumption taxes receivable	459,533	397,849
Other	48,397	50,629
Allowance for doubtful accounts	(410)	(890)
Total current assets	6,488,625	6,283,084
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,417,498	2,230,966
Tools, furniture and fixtures, net	332,834	377,424
Land	1,965,426	1,965,426
Leased assets, net	110,200	142,058
Construction in progress	412	137,932
Total property, plant and equipment	4,826,373	4,853,809
Intangible assets	265,011	191,333
Investments and other assets		
Investment securities	51,665	53,327
Long-term loans receivable	36,478	27,657
Guarantee deposits	5,581,170	5,817,317
Other	230,321	119,138
Allowance for doubtful accounts	(57,000)	(49,000)
Total investments and other assets	5,842,635	5,968,441
Total non-current assets	10,934,021	11,013,585
Total assets	17,422,646	17,296,669

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	532,599	708,570
Short-term borrowings	5,000,000	7,600,000
Current portion of long-term borrowings	731,628	731,628
Accounts payable - other	539,318	571,973
Accrued expenses	534,229	546,269
Income taxes payable	57,969	43,366
Accrued consumption taxes	4,419	—
Other	259,770	270,254
Total current liabilities	7,659,936	10,472,062
Non-current liabilities		
Long-term borrowings	3,054,853	8,948,225
Asset retirement obligations	526,374	555,845
Other	178,352	253,826
Total non-current liabilities	3,759,579	9,757,897
Total liabilities	11,419,515	20,229,960
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	(6,812,327)
Treasury shares	(8,917)	(8,917)
Total shareholders' equity	6,008,679	(2,923,405)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,548)	(9,884)
Total accumulated other comprehensive income	(5,548)	(9,884)
Total net assets	6,003,130	(2,933,290)
Total liabilities and net assets	17,422,646	17,296,669

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

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Net sales	22,909,695	15,711,294
Cost of sales	21,396,774	19,995,925
Gross profit (loss)	1,512,920	(4,284,630)
Selling, general and administrative expenses	4,969,679	4,288,843
Operating loss	(3,456,758)	(8,573,474)
Non-operating income		
Interest income	868	679
Dividend income	1,239	1,403
Penalty income	41,467	204,083
Commission income	18,581	—
Subsidy income	13,622	242,190
Other	31,272	35,606
Total non-operating income	107,051	483,962
Non-operating expenses		
Interest expenses	15,831	51,876
Borrowing fee	146,548	181,994
Other	2,343	22,757
Total non-operating expenses	164,723	256,628
Ordinary loss	(3,514,431)	(8,346,139)
Extraordinary income		
Gain on sale of non-current assets	2,877	37
Total extraordinary income	2,877	37
Extraordinary losses		
Loss on sale of non-current assets	33,552	—
Loss on retirement of non-current assets	10,034	3,125
Impairment losses	411,189	155,761
Loss on cancellation of rental contracts	—	39,000
Loss on temporary closure	249,333	—
Other	425	—
Total extraordinary losses	704,534	197,886
Loss before income taxes	(4,216,088)	(8,543,989)
Income taxes - current	63,461	64,634
Income taxes - deferred	55,343	194,696
Total income taxes	118,805	259,331
Loss	(4,334,893)	(8,803,320)
Loss attributable to owners of parent	(4,334,893)	(8,803,320)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Loss	(4,334,893)	(8,803,320)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,582)	(4,335)
Total other comprehensive income	(1,582)	(4,335)
Comprehensive income	(4,336,476)	(8,807,656)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,336,476)	(8,807,656)

Consolidated statements of changes in equity

Fiscal year ended June 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,948,025	1,948,025	6,750,934	(67)	10,646,918
Changes during period					
Dividends of surplus			(296,282)		(296,282)
Loss attributable to owners of parent			(4,334,893)		(4,334,893)
Purchase of treasury shares				(13,061)	(13,061)
Disposal of treasury shares		1,787		4,210	5,998
Net changes in items other than shareholders' equity					
Total changes during period	—	1,787	(4,631,176)	(8,850)	(4,638,239)
Balance at end of period	1,948,025	1,949,813	2,119,758	(8,917)	6,008,679

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(3,966)	(3,966)	10,642,952
Changes during period			
Dividends of surplus			(296,282)
Loss attributable to owners of parent			(4,334,893)
Purchase of treasury shares			(13,061)
Disposal of treasury shares			5,998
Net changes in items other than shareholders' equity	(1,582)	(1,582)	(1,582)
Total changes during period	(1,582)	(1,582)	(4,639,821)
Balance at end of period	(5,548)	(5,548)	6,003,130

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,948,025	1,949,813	2,119,758	(8,917)	6,008,679
Changes during period					
Dividends of surplus			(128,764)		(128,764)
Loss attributable to owners of parent			(8,803,320)		(8,803,320)
Purchase of treasury shares					—
Disposal of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(8,932,085)	—	(8,932,085)
Balance at end of period	1,948,025	1,949,813	(6,812,327)	(8,917)	(2,923,405)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(5,548)	(5,548)	6,003,130
Changes during period			
Dividends of surplus			(128,764)
Loss attributable to owners of parent			(8,803,320)
Purchase of treasury shares			—
Disposal of treasury shares			—
Net changes in items other than shareholders' equity	(4,335)	(4,335)	(4,335)
Total changes during period	(4,335)	(4,335)	(8,936,420)
Balance at end of period	(9,884)	(9,884)	(2,933,290)

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from operating activities		
Loss before income taxes	(4,216,088)	(8,543,989)
Depreciation	491,003	499,584
Impairment losses	411,189	155,761
Amortization of goodwill	18,826	1,568
Loss (gain) on sale of non-current assets	30,674	(37)
Interest and dividend income	(2,106)	(2,082)
Interest expenses	15,831	51,876
Decrease (increase) in trade receivables	904,148	(449,773)
Decrease (increase) in inventories	15,675	(6,392)
Increase (decrease) in trade payables	(511,566)	175,970
Borrowing fees	146,548	181,994
Increase (decrease) in income taxes payable - factor based tax	(80,901)	(22,664)
Increase (decrease) in accrued consumption taxes	(171,982)	(4,419)
Decrease (increase) in consumption taxes refund receivable	(459,533)	61,684
Increase (decrease) in accounts payable - other	(378,758)	205,646
Other, net	(47,831)	(152,548)
Subtotal	(3,834,871)	(7,847,820)
Interest and dividends received	2,106	2,082
Interest paid	(17,380)	(50,633)
Income taxes paid	(741,030)	279,469
Net cash provided by (used in) operating activities	(4,591,176)	(7,616,902)
Cash flows from investing activities		
Purchase of property, plant and equipment	(687,026)	(555,472)
Proceeds from sale of property, plant and equipment	101,862	200
Purchase of intangible assets	(43,034)	(96,159)
Purchase of investment securities	(3,596)	(3,596)
Proceeds from withdrawal of time deposits	30,000	—
Payments of guarantee deposits	(390,351)	(357,604)
Proceeds from refund of guarantee deposits	108,249	108,424
Purchase of long-term prepaid expenses	(27,529)	(24,182)
Other, net	(14,185)	(1,113)
Net cash provided by (used in) investing activities	(925,611)	(929,502)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,880,000	2,600,000
Proceeds from long-term borrowings	501,000	6,625,000
Repayments of long-term borrowings	(706,620)	(731,628)
Dividends paid	(296,077)	(128,635)
Payments of borrowing fee	(146,548)	(181,994)
Purchase of treasury shares	(13,061)	—
Repayments of finance lease obligations	(41,893)	(49,937)
Net cash provided by (used in) financing activities	4,176,798	8,132,804
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(1,339,988)	(413,601)
Cash and cash equivalents at beginning of period	5,635,286	4,295,298
Cash and cash equivalents at end of period	4,295,298	3,881,696