

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 2022

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 29, 2022
 Scheduled date to file Securities Report: September 29, 2022
 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, 2022 (from July 1, 2021 to June 30, 2022)

(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, 2022	25,437	61.9	(2,157)	–	(2,021)	–	(2,178)	–
Year ended June 30, 2021	15,711	(31.4)	(8,573)	–	(8,346)	–	(8,803)	–

	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, 2022	(169.20)	–	–	(9.4)	(8.5)
Year ended June 30, 2021	(683.68)	–	(573.5)	(48.1)	(54.6)

(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, 2022	25,932	1,347	5.2	90.51
As of June 30, 2021	17,296	(2,933)	(17.0)	(227.80)

(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, 2022	(1,029)	(2,253)	9,416	10,015
Year ended June 30, 2021	(7,616)	(929)	8,132	3,881

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, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ended June 30, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ending June 30, 2023 (Forecast)	–	0.00	–	6.00	6.00		8.6	

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	33,000	29.7	1,500	—	1,200	—	900	—	69.89

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2022

(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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

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, 2022	12,886,200 shares	As of June 30, 2021	12,886,200 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	9,742 shares	As of June 30, 2021	9,742 shares
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Average number of shares during the period

Year ended June 30, 2022	12,876,458 shares	Year ended June 30, 2021	12,876,458 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	3,881,696	10,015,145
Accounts receivable - trade	894,719	1,981,839
Raw materials and supplies	100,253	102,008
Prepaid expenses	958,825	971,809
Consumption taxes refund receivable	397,849	—
Other	50,629	90,812
Allowance for doubtful accounts	(890)	(1,680)
Total current assets	6,283,084	13,159,936
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,230,966	2,058,180
Tools, furniture and fixtures, net	377,424	442,212
Land	1,965,426	1,815,257
Leased assets, net	142,058	197,987
Construction in progress	137,932	2,122,834
Total property, plant and equipment	4,853,809	6,636,473
Intangible assets	191,333	140,698
Investments and other assets		
Investment securities	53,327	59,795
Long-term loans receivable	27,657	18,681
Guarantee deposits	5,817,317	5,784,034
Other	119,138	174,082
Allowance for doubtful accounts	(49,000)	(41,000)
Total investments and other assets	5,968,441	5,995,594
Total non-current assets	11,013,585	12,772,766
Total assets	17,296,669	25,932,702

	(Thousands of yen)	
	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	708,570	949,587
Short-term borrowings	7,600,000	9,600,000
Current portion of long-term borrowings	731,628	3,780,887
Accounts payable - other	571,973	866,836
Accrued expenses	546,269	579,015
Income taxes payable	43,366	64,769
Accrued consumption taxes	—	382,263
Other	270,254	359,971
Total current liabilities	10,472,062	16,583,331
Non-current liabilities		
Long-term borrowings	8,948,225	7,158,337
Asset retirement obligations	555,845	563,783
Other	253,826	280,183
Total non-current liabilities	9,757,897	8,002,305
Total liabilities	20,229,960	24,585,636
Net assets		
Shareholders' equity		
Share capital	1,948,025	100,000
Capital surplus	1,949,813	3,433,240
Retained earnings	(6,812,327)	(2,170,244)
Treasury shares	(8,917)	(8,917)
Total shareholders' equity	(2,923,405)	1,354,078
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(9,884)	(7,012)
Total accumulated other comprehensive income	(9,884)	(7,012)
Total net assets	(2,933,290)	1,347,065
Total liabilities and net assets	17,296,669	25,932,702

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

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Net sales	15,711,294	25,437,288
Cost of sales	19,995,925	23,007,558
Gross profit (loss)	(4,284,630)	2,429,730
Selling, general and administrative expenses	4,288,843	4,587,598
Operating loss	(8,573,474)	(2,157,868)
Non-operating income		
Interest income	679	530
Dividend income	1,403	1,628
Penalty income	204,083	23,866
Subsidy income	242,190	470,243
Other	35,606	64,360
Total non-operating income	483,962	560,628
Non-operating expenses		
Interest expenses	51,876	104,599
Share issuance costs	—	68,650
Borrowing fee	181,994	3,273
Commission expenses	19,613	175,882
Compensation expenses	3,136	60,186
Other	8	11,957
Total non-operating expenses	256,628	424,550
Ordinary loss	(8,346,139)	(2,021,790)
Extraordinary income		
Gain on sale of non-current assets	37	8,897
Total extraordinary income	37	8,897
Extraordinary losses		
Loss on retirement of non-current assets	3,125	1,248
Impairment losses	155,761	118,450
Loss on cancellation of rental contracts	39,000	—
Total extraordinary losses	197,886	119,699
Loss before income taxes	(8,543,989)	(2,132,592)
Income taxes - current	64,634	64,767
Income taxes - deferred	194,696	(18,627)
Total income taxes	259,331	46,139
Loss	(8,803,320)	(2,178,732)
Loss attributable to owners of parent	(8,803,320)	(2,178,732)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Loss	(8,803,320)	(2,178,732)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,335)	2,872
Total other comprehensive income	(4,335)	2,872
Comprehensive income	(8,807,656)	(2,175,860)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,807,656)	(2,175,860)

Consolidated statements of changes in equity

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)

Fiscal year ended June 30, 2022

(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	(6,812,327)	(8,917)	(2,923,405)
Cumulative effects of changes in accounting policies			(43,783)		(43,783)
Restated balance	1,948,025	1,949,813	(6,856,111)	(8,917)	(2,967,189)
Changes during period					
Issuance of new shares	3,250,000	3,250,000			6,500,000
Capital reduction	(5,098,025)	5,098,025			—
Deficit disposition		(6,864,598)	6,864,598		—
Loss attributable to owners of parent			(2,178,732)		(2,178,732)
Net changes in items other than shareholders' equity					
Total changes during period	(1,848,025)	1,483,426	4,685,866	—	4,321,267
Balance at end of period	100,000	3,433,240	(2,170,244)	(8,917)	1,354,078

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(9,884)	(9,884)	(2,933,290)
Cumulative effects of changes in accounting policies			(43,783)
Restated balance	(9,884)	(9,884)	(2,977,074)
Changes during period			
Issuance of new shares			6,500,000
Capital reduction			—
Deficit disposition			—
Loss attributable to owners of parent			(2,178,732)
Net changes in items other than shareholders' equity	2,872	2,872	2,872
Total changes during period	2,872	2,872	4,324,139
Balance at end of period	(7,012)	(7,012)	1,347,065

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from operating activities		
Loss before income taxes	(8,543,989)	(2,132,592)
Depreciation	499,584	522,310
Impairment losses	155,761	118,450
Amortization of goodwill	1,568	—
Loss (gain) on sale of non-current assets	(37)	(8,897)
Interest and dividend income	(2,082)	(2,158)
Interest expenses	51,876	104,599
Decrease (increase) in trade receivables	(449,773)	(1,087,120)
Decrease (increase) in inventories	(6,392)	(1,754)
Increase (decrease) in trade payables	175,970	241,017
Borrowing fees	181,994	3,273
Commission expenses	—	175,882
Share issuance costs	—	68,650
Increase (decrease) in income taxes payable - factor based tax	(22,664)	(3,573)
Increase (decrease) in accrued consumption taxes	(4,419)	382,263
Decrease (increase) in consumption taxes refund receivable	61,684	397,849
Increase (decrease) in accounts payable - other	205,646	294,415
Other, net	(152,548)	40,381
Subtotal	(7,847,820)	(887,001)
Interest and dividends received	2,082	2,158
Interest paid	(50,633)	(104,733)
Income taxes refund (paid)	279,469	(40,061)
Net cash provided by (used in) operating activities	(7,616,902)	(1,029,639)
Cash flows from investing activities		
Purchase of property, plant and equipment	(555,472)	(2,289,304)
Proceeds from sale of property, plant and equipment	200	159,066
Purchase of intangible assets	(96,159)	(33,342)
Purchase of investment securities	(3,596)	(3,596)
Payments of guarantee deposits	(357,604)	(124,352)
Proceeds from refund of guarantee deposits	108,424	141,331
Purchase of long-term prepaid expenses	(24,182)	(88,614)
Other, net	(1,113)	(15,050)
Net cash provided by (used in) investing activities	(929,502)	(2,253,862)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,600,000	2,000,000
Proceeds from long-term borrowings	6,625,000	1,991,000
Repayments of long-term borrowings	(731,628)	(731,628)
Proceeds from issuance of shares	—	6,431,349
Dividends paid	(128,635)	(680)
Payments of borrowing fee	(181,994)	(3,273)
payments of Commission expenses	—	(175,882)
Repayments of finance lease liabilities	(49,937)	(93,976)
Net cash provided by (used in) financing activities	8,132,804	9,416,907
Effect of exchange rate change on cash and cash equivalents	(0)	43
Net increase (decrease) in cash and cash equivalents	(413,601)	6,133,448
Cash and cash equivalents at beginning of period	4,295,298	3,881,696
Cash and cash equivalents at end of period	3,881,696	10,015,145