

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2022 (Based on Japanese GAAP)

February 13, 2023

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 13, 2023
 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, 2022 (from July 1, 2022 to December 31, 2022)

(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, 2022	18,174	56.7	2,223	–	2,214	–	1,916	–
Six months ended December 31, 2021	11,601	41.1	(1,876)	–	(2,047)	–	(2,071)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2022	148.85	138.20
Six months ended December 31, 2021	(160.84)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	25,172	3,088	12.3
As of June 30, 2022	25,932	1,347	5.2

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

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	33,600	32.1	2,600	–	2,300	–	2,000	–	155.20

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2022
(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, 2022	12,886,200 shares	As of June 30, 2022	12,886,200 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	9,742 shares	As of June 30, 2022	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, 2022	12,876,458 shares	Six months ended December 31, 2021	12,876,458 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	10,015,145	8,026,018
Accounts receivable - trade	1,981,839	2,766,752
Raw materials and supplies	102,008	129,549
Prepaid expenses	971,809	987,113
Other	90,812	39,827
Allowance for doubtful accounts	(1,680)	(2,440)
Total current assets	13,159,936	11,946,821
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,058,180	4,607,056
Tools, furniture and fixtures, net	442,212	424,540
Land	1,815,257	1,895,839
Leased assets, net	197,987	203,362
Construction in progress	2,122,834	—
Total property, plant and equipment	6,636,473	7,130,798
Intangible assets	140,698	119,221
Investments and other assets		
Investment securities	59,795	67,592
Long-term loans receivable	18,681	14,202
Guarantee deposits	5,784,034	5,777,558
Other	174,082	153,419
Allowance for doubtful accounts	(41,000)	(37,000)
Total investments and other assets	5,995,594	5,975,771
Total non-current assets	12,772,766	13,225,792
Total assets	25,932,702	25,172,614

(Thousands of yen)

	As of June 30, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	949,587	1,147,038
Short-term borrowings	9,600,000	5,600,000
Current portion of long-term borrowings	3,780,887	3,822,323
Accounts payable - other	866,836	1,605,545
Accrued expenses	579,015	762,506
Income taxes payable	64,769	31,742
Accrued consumption taxes	382,263	174,015
Other	359,971	524,853
Total current liabilities	16,583,331	13,668,025
Non-current liabilities		
Long-term borrowings	7,158,337	7,600,087
Asset retirement obligations	563,783	545,630
Other	280,183	270,759
Total non-current liabilities	8,002,305	8,416,477
Total liabilities	24,585,636	22,084,502
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	3,433,240	3,251,596
Retained earnings	(2,170,244)	(253,553)
Treasury shares	(8,917)	(8,917)
Total shareholders' equity	1,354,078	3,089,125
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,012)	(1,014)
Total accumulated other comprehensive income	(7,012)	(1,014)
Total net assets	1,347,065	3,088,111
Total liabilities and net assets	25,932,702	25,172,614

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, 2021	Six months ended December 31, 2022
Net sales	11,601,636	18,174,116
Cost of sales	11,180,195	13,065,424
Gross profit	421,440	5,108,692
Selling, general and administrative expenses	2,298,361	2,885,669
Operating profit (loss)	(1,876,920)	2,223,022
Non-operating income		
Interest income	275	214
Penalty income	14,597	18,688
Subsidy income	119,029	32,651
Other	22,903	17,038
Total non-operating income	156,806	68,593
Non-operating expenses		
Interest expenses	51,922	46,171
Commission expenses	175,474	–
Share issuance costs	68,650	–
Compensation expenses	29,479	29,943
Other	1,375	693
Total non-operating expenses	326,903	76,808
Ordinary profit (loss)	(2,047,017)	2,214,807
Extraordinary income		
Gain on sale of non-current assets	8,897	–
Total extraordinary income	8,897	–
Extraordinary losses		
Loss on retirement of non-current assets	1,248	26,805
Dismantling and removal cost	–	239,568
Total extraordinary losses	1,248	266,373
Profit (loss) before income taxes	(2,039,368)	1,948,433
Income taxes	31,742	31,742
Profit (loss)	(2,071,111)	1,916,691
Profit (loss) attributable to owners of parent	(2,071,111)	1,916,691

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Profit (loss)	(2,071,111)	1,916,691
Other comprehensive income		
Valuation difference on available-for-sale securities	4,277	5,998
Total other comprehensive income	4,277	5,998
Comprehensive income	(2,066,833)	1,922,689
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,066,833)	1,922,689

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(2,039,368)	1,948,433
Depreciation	242,854	252,224
Gain on sale of non-current assets	(8,897)	—
Loss on retirement of non-current assets	1,248	26,805
Interest and dividend income	(901)	(959)
Interest expenses	51,922	46,171
Borrowing fees	1,375	475
Commission expenses	175,474	—
Share issuance costs	68,650	—
Decrease (increase) in trade receivables	(839,370)	(784,912)
Decrease (increase) in inventories	(25,824)	(27,540)
Increase (decrease) in trade payables	298,262	197,450
Increase (decrease) in income taxes payable - factor based tax	(3,573)	—
Increase (decrease) in accrued consumption taxes	101,714	(208,248)
Decrease (increase) in consumption taxes refund receivable	397,849	—
Increase (decrease) in accounts payable - other	150,671	443,939
Increase (decrease) in accrued expenses	84,436	183,490
Increase (decrease) in advances received	17,362	101,566
Other, net	(29,318)	79,755
Subtotal	(1,355,429)	2,258,651
Interest and dividends received	901	959
Interest paid	(51,706)	(45,916)
Income taxes refund (paid)	(39,786)	(64,445)
Net cash provided by (used in) operating activities	(1,446,020)	2,149,249
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,331,279)	(389,567)
Proceeds from sale of property, plant and equipment	159,066	—
Purchase of intangible assets	(30,303)	(2,754)
Purchase of investment securities	(1,798)	(1,798)
Payments of guarantee deposits	(79,852)	(14,720)
Proceeds from refund of guarantee deposits	98,995	19,873
Purchase of long-term prepaid expenses	(15,775)	—
Other, net	(24,535)	—
Net cash provided by (used in) investing activities	(1,225,483)	(388,967)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,000,000	(4,000,000)
Proceeds from long-term borrowings	1,172,000	849,000
Repayments of long-term borrowings	(365,814)	(365,814)
Proceeds from issuance of shares	6,431,349	—
Dividends paid	(666)	(182,136)
Payments of borrowing fee	(1,375)	(475)
Commission fee paid	(175,474)	—
Repayments of finance lease liabilities	(34,662)	(49,981)
Net cash provided by (used in) financing activities	9,025,355	(3,749,408)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	6,353,851	(1,989,127)
Cash and cash equivalents at beginning of period	3,881,696	10,015,145
Cash and cash equivalents at end of period	10,235,548	8,026,018