

Translation

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**Summary of Consolidated Financial Results
for the Year Ended June 30, 2020
(Based on Japanese GAAP)**

August 7, 2020

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: Administration Div. Hiroya Ito TEL 059(351)5593
 Scheduled date of ordinary general meeting of shareholders: September 28, 2020
 Scheduled date to file Securities Report: September 28, 2020
 Scheduled date to commence dividend payments: September 29, 2020
 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, 2020 (from July 1, 2019 to June 30, 2020)

(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, 2020	22,909	(25.9)	(3,456)	–	(3,514)	–	(4,334)	–
Year ended June 30, 2019	30,896	13.8	2,431	27.4	2,433	30.5	1,509	26.9

	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, 2020	(336.62)	–	(52.1)	(19.3)	(15.1)
Year ended June 30, 2019	117.28	–	15.1	13.5	7.9

(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, 2020	17,422	6,003	34.5	466.21
As of June 30, 2019	18,906	10,642	56.3	826.20

(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, 2020	(4,591)	(925)	4,176	4,295
Year ended June 30, 2019	2,215	(1,231)	(183)	5,635

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, 2019	–	0.00	–	23.00	23.00	296	19.6	3.0
Year ended June 30, 2020	–	0.00	–	10.00	10.00	128	–	1.5
Year ending June 30, 2021 (Forecast)	–	–	–	–	–		–	

3. Notes

- (1) Changes in significant subsidiaries during the year ended June 30, 2020
 (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: 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, 2020	12,886,200 shares	As of June 30, 2019	12,886,200 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	9,742 shares	As of June 30, 2019	4,342 shares
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Average number of shares during the period

Year ended June 30, 2020	12,877,734 shares	Year ended June 30, 2019	12,870,501 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	5,665,286	4,295,298
Accounts receivable - trade	1,349,093	444,945
Raw materials and supplies	109,536	93,861
Income taxes receivable	–	336,042
Consumption taxes receivable	–	459,533
Other	959,108	859,354
Allowance for doubtful accounts	(3,446)	(410)
Total current assets	8,079,579	6,488,625
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,176,586	2,417,498
Tools, furniture and fixtures, net	401,417	332,834
Land	2,112,031	1,965,426
Leased assets, net	129,913	110,200
Construction in progress	977,760	412
Total property, plant and equipment	4,797,709	4,826,373
Intangible assets	331,062	265,011
Investments and other assets		
Investment securities	50,761	51,665
Long-term loans receivable	45,130	36,478
Guarantee deposits	5,321,286	5,581,170
Other	338,821	230,321
Allowance for doubtful accounts	(58,000)	(57,000)
Total investments and other assets	5,697,999	5,842,635
Total non-current assets	10,826,771	10,934,021
Total assets	18,906,351	17,422,646

(Thousands of yen)

	As of June 30, 2019	As of June 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	1,044,166	532,599
Short-term borrowings	120,000	5,000,000
Current portion of long-term borrowings	681,618	731,628
Accounts payable - other	785,179	539,318
Accrued expenses	649,654	534,229
Income taxes payable	480,398	57,969
Accrued consumption taxes	176,402	4,419
Other	326,355	259,770
Total current liabilities	4,263,774	7,659,936
Non-current liabilities		
Long-term borrowings	3,310,483	3,054,853
Asset retirement obligations	500,461	526,374
Other	188,679	178,352
Total non-current liabilities	3,999,624	3,759,579
Total liabilities	8,263,398	11,419,515
Net assets		
Shareholders' equity		
Share capital	1,948,025	1,948,025
Capital surplus	1,948,025	1,949,813
Retained earnings	6,750,934	2,119,758
Treasury shares	(67)	(8,917)
Total shareholders' equity	10,646,918	6,008,679
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,966)	(5,548)
Total accumulated other comprehensive income	(3,966)	(5,548)
Total net assets	10,642,952	6,003,130
Total liabilities and net assets	18,906,351	17,422,646

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

(Thousands of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Net sales	30,896,635	22,909,695
Cost of sales	22,979,359	21,396,774
Gross profit	7,917,276	1,512,920
Selling, general and administrative expenses	5,485,541	4,969,679
Operating profit (loss)	2,431,734	(3,456,758)
Non-operating income		
Interest income	1,062	868
Dividend income	1,203	1,239
Penalty income	8,509	41,467
Commission income	9,333	18,581
Subsidy income	–	13,622
Other	31,087	31,272
Total non-operating income	51,196	107,051
Non-operating expenses		
Interest expenses	32,403	15,831
Borrowing fee	–	146,548
Other	16,762	2,343
Total non-operating expenses	49,166	164,723
Ordinary profit (loss)	2,433,764	(3,514,431)
Extraordinary income		
Gain on sales of non-current assets	1,505	2,877
Total extraordinary income	1,505	2,877
Extraordinary losses		
Loss on sales of non-current assets	–	33,552
Loss on retirement of non-current assets	32,240	10,034
Impairment loss	193,649	411,189
Loss on temporary closure	–	249,333
Other	–	425
Total extraordinary losses	225,889	704,534
Profit (loss) before income taxes	2,209,380	(4,216,088)
Income taxes - current	738,479	63,461
Income taxes - deferred	(38,600)	55,343
Total income taxes	699,878	118,805
Profit (loss)	1,509,502	(4,334,893)
Profit (loss) attributable to owners of parent	1,509,502	(4,334,893)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Profit (loss)	1,509,502	(4,334,893)
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,424)	(1,582)
Deferred gains or losses on hedges	3,978	–
Total other comprehensive income	(3,446)	(1,582)
Comprehensive income	1,506,055	(4,336,476)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,506,055	(4,336,476)

Consolidated statements of changes in equity

Fiscal year ended June 30, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,921,032	1,921,032	5,498,382	(67)	9,340,379
Changes during period					
Issuance of new shares	26,993	26,993			53,986
Dividends of surplus			(256,949)		(256,949)
Profit (loss) attributable to owners of parent			1,509,502		1,509,502
Purchase of treasury shares					–
Disposal of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	26,993	26,993	1,252,552	–	1,306,539
Balance at end of period	1,948,025	1,948,025	6,750,934	(67)	10,646,918

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of period	3,458	(3,978)	(520)	9,339,859
Changes during period				
Issuance of new shares				53,986
Dividends of surplus				(256,949)
Profit (loss) attributable to owners of parent				1,509,502
Purchase of treasury shares				–
Disposal of treasury shares				–
Net changes in items other than shareholders' equity	(7,424)	3,978	(3,446)	(3,446)
Total changes during period	(7,424)	3,978	(3,446)	1,303,093
Balance at end of period	(3,966)	–	(3,966)	10,642,952

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					
Issuance of new shares					–
Dividends of surplus			(296,282)		(296,282)
Profit (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	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of period	(3,966)	–	(3,966)	10,642,952
Changes during period				
Issuance of new shares				–
Dividends of surplus				(296,282)
Profit (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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	2,209,380	(4,216,088)
Depreciation	448,147	491,003
Impairment loss	193,649	411,189
Amortization of goodwill	18,826	18,826
Loss (gain) on sales of non-current assets	(1,505)	30,674
Interest and dividend income	(2,265)	(2,106)
Interest expenses	32,403	15,831
Decrease (increase) in trade receivables	(194,930)	904,148
Decrease (increase) in inventories	(10,346)	15,675
Increase (decrease) in trade payables	41,374	(511,566)
Borrowing fees	–	146,548
Increase (decrease) in income taxes payable - factor based tax	8,774	(80,901)
Increase (decrease) in accrued consumption taxes	44,932	(171,982)
Decrease (increase) in consumption taxes refund receivable	–	(459,533)
Increase (decrease) in accounts payable - other	83,652	(378,758)
Other, net	74,955	(47,831)
Subtotal	2,947,049	(3,834,871)
Interest and dividends received	2,265	2,106
Interest paid	(32,832)	(17,380)
Income taxes paid	(700,696)	(741,030)
Net cash provided by (used in) operating activities	2,215,785	(4,591,176)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,208,972)	(687,026)
Proceeds from sales of property, plant and equipment	50,448	101,862
Purchase of intangible assets	(103,054)	(43,034)
Purchase of investment securities	(3,596)	(3,596)
Proceeds from withdrawal of time deposits	500,000	30,000
Payments of guarantee deposits	(510,568)	(390,351)
Proceeds from refund of guarantee deposits	62,099	108,249
Purchase of long-term prepaid expenses	(17,420)	(27,529)
Other, net	(36)	(14,185)
Net cash provided by (used in) investing activities	(1,231,101)	(925,611)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	4,880,000
Proceeds from long-term borrowings	4,150,000	501,000
Repayments of long-term borrowings	(4,041,560)	(706,620)
Dividends paid	(256,611)	(296,077)
Payments of borrowing fee	–	(146,548)
Purchase of treasury shares	–	(13,061)
Repayments of finance lease obligations	(35,760)	(41,893)
Net cash provided by (used in) financing activities	(183,932)	4,176,798
Effect of exchange rate change on cash and cash equivalents	224	0
Net increase (decrease) in cash and cash equivalents	800,974	(1,339,988)
Cash and cash equivalents at beginning of period	4,834,311	5,635,286
Cash and cash equivalents at end of period	5,635,286	4,295,298