Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2019 (Based on Japanese GAAP)

January 31, 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
Inquiries: Director and General Manager Administration Div. Hiroya Ito TEL 059(351)5593
Scheduled date to file Quarterly Securities Report: February 13, 2020
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: No
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, 2019 (from July 1, 2019 to December 31, 2019)

(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, 2019	15,880	(1.3)	1,315	(32.1)	1,336	(31.0)	822	(37.0)
Six months ended December 31, 2018	16,095	15.1	1,937	4.5	1,937	5.5	1,305	10.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2019	63.83	–
Six months ended December 31, 2018	101.56	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	19,735	11,162	56.6
As of June 30, 2019	18,906	10,642	56.3

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, 2019	–	0.00	–	23.00	23.00
Year ending June 30, 2020	–	0.00			
Year ending June 30, 2020 (Forecast)			–	23.00	23.00

3. Forecast of consolidated financial results for the year ending June 30, 2020 (from July 1, 2019 to June 30, 2020)

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	30,366	(1.7)	935	(61.6)	937	(61.5)	500	(66.9)	38.83

4. Notes

(1) Changes in significant subsidiaries during the six months ended December 31, 2019 (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, 2019	12,886,200 shares	As of June 30, 2019	12,886,200 shares

Number of treasury shares at the end of the period

As of December 31, 2019	9,742 shares	As of June 30, 2019	4,342 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2019	12,878,995 shares	Six months ended December 31, 2018	12,858,605 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	5,665,286	5,803,234
Accounts receivable - trade	1,349,093	1,620,037
Raw materials and supplies	109,536	133,073
Other	959,108	978,536
Allowance for doubtful accounts	(3,446)	(3,386)
Total current assets	8,079,579	8,531,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,176,586	2,535,661
Tools, furniture and fixtures, net	401,417	400,601
Land	2,112,031	2,112,031
Leased assets, net	129,913	133,237
Construction in progress	977,760	13,446
Total property, plant and equipment	4,797,709	5,194,978
Intangible assets	331,062	271,831
Investments and other assets		
Investment securities	50,761	54,210
Long-term loans receivable	45,130	40,891
Guarantee deposits	5,321,286	5,363,637
Other	338,821	335,985
Allowance for doubtful accounts	(58,000)	(58,000)
Total investments and other assets	5,697,999	5,736,725
Total non-current assets	10,826,771	11,203,535
Total assets	18,906,351	19,735,031

(Thousands of yen)

	As of June 30, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	1,044,166	1,162,042
Short-term borrowings	120,000	120,000
Current portion of long-term borrowings	681,618	731,628
Accounts payable - other	785,179	693,287
Accrued expenses	649,654	673,102
Income taxes payable	480,398	541,349
Accrued consumption taxes	176,402	101,360
Other	326,355	389,042
Total current liabilities	4,263,774	4,411,813
Non-current liabilities		
Long-term borrowings	3,310,483	3,419,667
Asset retirement obligations	500,461	552,410
Other	188,679	188,309
Total non-current liabilities	3,999,624	4,160,387
Total liabilities	8,263,398	8,572,200
Net assets		
Shareholders' equity		
Share capital	1,948,025	1,948,025
Capital surplus	1,948,025	1,948,015
Retained earnings	6,750,934	7,276,723
Treasury shares	(67)	(7,120)
Total shareholders' equity	10,646,918	11,165,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,966)	(2,813)
Total accumulated other comprehensive income	(3,966)	(2,813)
Total net assets	10,642,952	11,162,830
Total liabilities and net assets	18,906,351	19,735,031

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, 2018	Six months ended December 31, 2019
Net sales	16,095,970	15,880,876
Cost of sales	11,366,532	11,578,725
Gross profit	4,729,438	4,302,151
Selling, general and administrative expenses	2,791,780	2,986,795
Operating profit	1,937,658	1,315,356
Non-operating income		
Interest income	552	446
Penalty income	2,088	10,877
Insurance claim income	5,498	7,249
Other	13,793	11,167
Total non-operating income	21,933	29,741
Non-operating expenses		
Interest expenses	19,420	6,535
Other	3,047	2,217
Total non-operating expenses	22,467	8,752
Ordinary profit	1,937,123	1,336,344
Extraordinary losses		
Loss on retirement of non-current assets	4,333	6,929
Impairment loss	–	63,093
Total extraordinary losses	4,333	70,023
Profit before income taxes	1,932,790	1,266,321
Income taxes	626,885	444,249
Profit	1,305,904	822,071
Profit attributable to owners of parent	1,305,904	822,071

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2018	Six months ended December 31, 2019
Profit	1,305,904	822,071
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,861)	1,152
Deferred gains or losses on hedges	3,978	–
Total other comprehensive income	116	1,152
Comprehensive income	1,306,021	823,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,306,021	823,223

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2018	Six months ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,932,790	1,266,321
Depreciation	214,189	238,464
Impairment loss	–	63,093
Amortization of goodwill	9,413	9,413
Interest and dividend income	(927)	(864)
Interest expenses	19,420	6,535
Decrease (increase) in trade receivables	(154,387)	(270,943)
Decrease (increase) in inventories	(31,626)	(23,537)
Increase (decrease) in trade payables	162,418	117,876
Increase (decrease) in accrued consumption taxes	70,253	(75,040)
Other, net	(39,617)	(162,712)
Subtotal	2,181,925	1,168,605
Interest and dividends received	927	864
Interest paid	(19,465)	(6,637)
Income taxes (paid) refund	(335,648)	(373,253)
Net cash provided by (used in) operating activities	1,827,739	789,579
Cash flows from investing activities		
Purchase of property, plant and equipment	(602,654)	(379,013)
Purchase of intangible assets	(56,823)	(16,423)
Purchase of investment securities	(1,798)	(1,798)
Payments of guarantee deposits	(167,708)	(119,907)
Proceeds from refund of guarantee deposits	31,371	59,611
Purchase of long-term prepaid expenses	(11,173)	(20,376)
Other, net	–	(2,959)
Net cash provided by (used in) investing activities	(808,787)	(480,866)
Cash flows from financing activities		
Proceeds from long-term borrowings	500,000	500,000
Repayments of long-term borrowings	(433,334)	(340,806)
Dividends paid	(256,493)	(296,515)
Purchase of treasury shares	–	(13,061)
Repayments of finance lease obligations	(16,824)	(20,382)
Net cash provided by (used in) financing activities	(206,652)	(170,765)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	812,299	137,947
Cash and cash equivalents at beginning of period	4,834,311	5,635,286
Cash and cash equivalents at end of period	5,646,611	5,773,234