Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2023 (Based on Japanese GAAP)

August 14, 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
Inquiries: Director and General Manager Administration Div. Hiroya Ito TEL 059(351)5593
Scheduled date of ordinary general meeting of shareholders: September 28, 2023
Scheduled date to file Securities Report: September 28, 2023
Scheduled date to commence dividend payments: September 29, 2023
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, 2023 (from July 1, 2022 to June 30, 2023)

(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, 2023	36,439	43.3	3,697	–	3,492	–	4,191	–
Year ended June 30, 2022	25,437	61.9	(2,157)	–	(2,021)	–	(2,178)	–

	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, 2023	305.33	284.93	124.8	14.0	10.1
Year ended June 30, 2022	(169.20)	–	–	(9.4)	(8.5)

(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, 2023	23,786	5,367	22.6	(108.12)
As of June 30, 2022	25,932	1,347	5.2	(414.29)

(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, 2023	4,629	(539)	(7,376)	6,727
Year ended June 30, 2022	(1,029)	(2,253)	9,416	10,015

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, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended June 30, 2023	–	0.00	–	9.00	9.00	115	2.9	–
Year ending June 30, 2024 (Forecast)	–	0.00	–	20.00	20.00		7.8	

3. Forecast of consolidated financial results for the year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

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	38,000	4.3	3,700	0.1	3,400	(2.6)	3,300	(21.3)	237.64

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2023 (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, 2023	12,886,200 shares	As of June 30, 2022	12,886,200 shares

Number of treasury shares at the end of the period

As of June 30, 2023	9,742 shares	As of June 30, 2022	9,742 shares

Average number of shares during the period

Year ended June 30, 2023	12,876,458 shares	Year ended June 30, 2022	12,876,458 shares

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	10,015,145	6,727,877
Accounts receivable - trade	1,981,839	2,146,007
Raw materials and supplies	102,008	116,012
Prepaid expenses	971,809	961,329
Other	90,812	40,974
Allowance for doubtful accounts	(1,680)	(80)
Total current assets	13,159,936	9,992,121
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,058,180	4,432,177
Tools, furniture and fixtures, net	442,212	403,961
Land	1,815,257	1,828,655
Leased assets, net	197,987	139,376
Construction in progress	2,122,834	2,574
Total property, plant and equipment	6,636,473	6,806,745
Intangible assets	140,698	109,044
Investments and other assets		
Investment securities	59,795	76,265
Long-term loans receivable	18,681	8,545
Guarantee deposits	5,784,034	5,638,150
Deferred tax assets	–	1,093,709
Other	174,082	95,353
Allowance for doubtful accounts	(41,000)	(33,000)
Total investments and other assets	5,995,594	6,879,025
Total non-current assets	12,772,766	13,794,815
Total assets	25,932,702	23,786,937

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	949,587	1,088,617
Short-term borrowings	9,600,000	2,600,000
Current portion of long-term borrowings	3,780,887	821,814
Accounts payable - other	866,836	1,338,762
Accrued expenses	579,015	708,732
Income taxes payable	64,769	64,014
Accrued consumption taxes	382,263	523,824
Other	359,971	321,770
Total current liabilities	16,583,331	7,467,537
Non-current liabilities		
Long-term borrowings	7,158,337	10,227,088
Asset retirement obligations	563,783	549,104
Other	280,183	175,389
Total non-current liabilities	8,002,305	10,951,581
Total liabilities	24,585,636	18,419,119
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	3,433,240	3,251,596
Retained earnings	(2,170,244)	2,021,271
Treasury shares	(8,917)	(8,917)
Total shareholders' equity	1,354,078	5,363,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,012)	3,867
Total accumulated other comprehensive income	(7,012)	3,867
Total net assets	1,347,065	5,367,818
Total liabilities and net assets	25,932,702	23,786,937

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

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	25,437,288	36,439,211
Cost of sales	23,007,558	26,337,905
Gross profit	2,429,730	10,101,305
Selling, general and administrative expenses	4,587,598	6,404,193
Operating profit (loss)	(2,157,868)	3,697,111
Non-operating income		
Interest income	530	368
Dividend income	1,628	1,997
Penalty income	23,866	36,468
Subsidy income	470,243	86,807
Compensation income	–	44,139
Other	64,360	31,776
Total non-operating income	560,628	201,558
Non-operating expenses		
Interest expenses	104,599	144,906
Share issuance costs	68,650	–
Borrowing fee	3,273	202,582
Commission expenses	175,882	–
Compensation expenses	60,186	44,970
Other	11,957	14,102
Total non-operating expenses	424,550	406,561
Ordinary profit (loss)	(2,021,790)	3,492,108
Extraordinary income		
Gain on sale of non-current assets	8,897	43,698
Total extraordinary income	8,897	43,698
Extraordinary losses		
Loss on retirement of non-current assets	1,248	27,062
Impairment losses	118,450	163,837
Dismantling and removal cost	–	239,568
Total extraordinary losses	119,699	430,468
Profit (loss) before income taxes	(2,132,592)	3,105,339
Income taxes - current	64,767	64,014
Income taxes - deferred	(18,627)	(1,150,191)
Total income taxes	46,139	(1,086,177)
Profit (loss)	(2,178,732)	4,191,516
Profit (loss) attributable to owners of parent	(2,178,732)	4,191,516

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit (loss)	(2,178,732)	4,191,516
Other comprehensive income		
Valuation difference on available-for-sale securities	2,872	10,880
Total other comprehensive income	2,872	10,880
Comprehensive income	(2,175,860)	4,202,396
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,175,860)	4,202,396

Consolidated statements of changes in equity

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
Deficit disposition		(6,864,598)	6,864,598		–
Capital reduction	(5,098,025)	5,098,025			–
Profit 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
Deficit disposition			–
Capital reduction			–
Profit 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

Fiscal year ended June 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	3,433,240	(2,170,244)	(8,917)	1,354,078
Changes during period					
Dividends of surplus - other capital surplus		(181,643)			(181,643)
Profit attributable to owners of parent			4,191,516		4,191,516
Net changes in items other than shareholders' equity					
Total changes during period	–	(181,643)	4,191,516	–	4,009,872
Balance at end of period	100,000	3,251,596	2,021,271	(8,917)	5,363,950

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(7,012)	(7,012)	1,347,065
Changes during period			
Dividends of surplus - other capital surplus			(181,643)
Profit attributable to owners of parent			4,191,516
Net changes in items other than shareholders' equity	10,880	10,880	10,880
Total changes during period	10,880	10,880	4,020,752
Balance at end of period	3,867	3,867	5,367,818

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(2,132,592)	3,105,339
Depreciation	522,310	559,987
Impairment losses	118,450	163,837
Loss (gain) on sale of non-current assets	(8,897)	(43,698)
Loss on retirement of non-current assets	1,248	27,062
Interest and dividend income	(2,158)	(2,365)
Interest expenses	104,599	144,906
Decrease (increase) in trade receivables	(1,087,120)	(164,167)
Decrease (increase) in inventories	(1,754)	(14,004)
Increase (decrease) in trade payables	241,017	139,029
Borrowing fees	3,273	202,582
Commission expenses	175,882	–
Share issuance costs	68,650	–
Increase (decrease) in income taxes payable - factor based tax	(3,573)	–
Increase (decrease) in accrued consumption taxes	382,263	141,560
Decrease (increase) in consumption taxes refund receivable	397,849	–
Increase (decrease) in accounts payable - other	294,415	406,237
Other, net	39,132	169,537
Subtotal	(887,001)	4,835,843
Interest and dividends received	2,158	2,365
Interest paid	(104,733)	(144,156)
Income taxes refund (paid)	(40,061)	(64,833)
Net cash provided by (used in) operating activities	(1,029,639)	4,629,218
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,289,304)	(767,457)
Proceeds from sale of property, plant and equipment	159,066	147,002
Purchase of intangible assets	(33,342)	(33,803)
Purchase of investment securities	(3,596)	(3,596)
Payments of guarantee deposits	(124,352)	(30,255)
Proceeds from refund of guarantee deposits	141,331	173,491
Purchase of long-term prepaid expenses	(88,614)	–
Other, net	(15,050)	(25,038)
Net cash provided by (used in) investing activities	(2,253,862)	(539,657)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,000,000	(7,000,000)
Proceeds from long-term borrowings	1,991,000	883,000
Repayments of long-term borrowings	(731,628)	(773,322)
Proceeds from issuance of shares	6,431,349	–
Dividends paid	(680)	(181,918)
Payments of borrowing fee	(3,273)	(202,582)
payments of Commission expenses	(175,882)	–
Repayments of finance lease liabilities	(93,976)	(102,019)
Net cash provided by (used in) financing activities	9,416,907	(7,376,842)
Effect of exchange rate change on cash and cash equivalents	43	13
Net increase (decrease) in cash and cash equivalents	6,133,448	(3,287,267)
Cash and cash equivalents at beginning of period	3,881,696	10,015,145
Cash and cash equivalents at end of period	10,015,145	6,727,877