

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2019 (Based on Japanese GAAP)

August 7, 2019

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 26, 2019
 Scheduled date to file Securities Report: September 26, 2019
 Scheduled date to commence dividend payments: September 27, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

(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, 2019	30,896	13.8	2,431	27.4	2,433	30.5	1,509	26.9
Year ended June 30, 2018	27,143	4.3	1,908	(19.1)	1,864	(16.7)	1,189	(16.7)

	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, 2019	117.28	—	15.1	13.5	7.9
Year ended June 30, 2018	93.67	—	13.6	10.8	7.0

(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, 2019	18,906	10,642	56.3	826.20
As of June 30, 2018	17,132	9,339	54.5	726.98

(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, 2019	2,215	(1,231)	(183)	5,635
Year ended June 30, 2018	1,477	45	(1,738)	4,834

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, 2018	—	0.00	—	20.00	20.00	256	21.4	2.9
Year ended June 30, 2019	—	0.00	—	23.00	23.00	296	19.6	3.0
Year ending June 30, 2020 (Forecast)	—	0.00	—	23.00	23.00		22.3	

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
Six months ending December 31, 2019	17,149	6.5	1,915	(1.2)	1,916	(1.1)	1,248	(4.4)	96.82
Full year	32,718	5.9	2,081	(14.4)	2,083	(14.4)	1,332	(11.8)	103.33

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2019

(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, 2019	12,886,200 shares	As of June 30, 2018	12,847,500 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	4,342 shares	As of June 30, 2018	42 shares
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Average number of shares during the period

Year ended June 30, 2019	12,870,501 shares	Year ended June 30, 2018	12,698,505 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	5,364,311	5,665,286
Accounts receivable - trade	1,154,163	1,349,093
Raw materials and supplies	99,189	109,536
Other	864,715	959,108
Allowance for doubtful accounts	(577)	(3,446)
Total current assets	7,481,803	8,079,579
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,312,358	1,176,586
Tools, furniture and fixtures, net	402,885	401,417
Land	2,225,918	2,112,031
Leased assets, net	100,493	129,913
Construction in progress	–	977,760
Total property, plant and equipment	4,041,656	4,797,709
Intangible assets	358,326	331,062
Investments and other assets		
Investment securities	57,801	50,761
Long-term loans receivable	53,633	45,130
Guarantee deposits	4,887,821	5,321,286
Other	309,372	338,821
Allowance for doubtful accounts	(58,000)	(58,000)
Total investments and other assets	5,250,627	5,697,999
Total non-current assets	9,650,610	10,826,771
Total assets	17,132,413	18,906,351

(Thousands of yen)

	As of June 30, 2018	As of June 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	1,002,792	1,044,166
Short-term loans payable	120,000	120,000
Current portion of long-term loans payable	3,771,161	681,618
Accounts payable - other	698,522	785,179
Accrued expenses	631,040	649,654
Income taxes payable	433,673	480,398
Accrued consumption taxes	131,469	176,402
Other	286,186	326,355
Total current liabilities	7,074,845	4,263,774
Non-current liabilities		
Long-term loans payable	112,500	3,310,483
Asset retirement obligations	433,344	500,461
Other	171,863	188,679
Total non-current liabilities	717,708	3,999,624
Total liabilities	7,792,553	8,263,398
Net assets		
Shareholders' equity		
Capital stock	1,921,032	1,948,025
Capital surplus	1,921,032	1,948,025
Retained earnings	5,498,382	6,750,934
Treasury shares	(67)	(67)
Total shareholders' equity	9,340,379	10,646,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,458	(3,966)
Deferred gains or losses on hedges	(3,978)	—
Total accumulated other comprehensive income	(520)	(3,966)
Total net assets	9,339,859	10,642,952
Total liabilities and net assets	17,132,413	18,906,351

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

(Thousands of yen)

	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
Net sales	27,143,129	30,896,635
Cost of sales	20,338,296	22,979,359
Gross profit	6,804,833	7,917,276
Selling, general and administrative expenses	4,896,100	5,485,541
Operating profit	1,908,733	2,431,734
Non-operating income		
Interest income	1,231	1,062
Dividend income	1,044	1,203
Penalty income	5,021	8,509
Commission income	4,557	9,333
Rent income	5,559	6,265
Insurance income	613	5,498
Other	18,344	19,322
Total non-operating income	36,371	51,196
Non-operating expenses		
Interest expenses	48,876	32,403
Expense of a transformation to the first section of the Tokyo	12,500	—
Stock Exchange		
Structuring fee	—	5,000
Expense of restricted shares	—	5,498
Other	19,399	6,264
Total non-operating expenses	80,776	49,166
Ordinary profit	1,864,328	2,433,764
Extraordinary income		
Gain on sales of non-current assets	239,808	1,505
Total extraordinary income	239,808	1,505
Extraordinary losses		
Loss on retirement of non-current assets	3,321	32,240
Impairment loss	294,243	193,649
Other	2,500	—
Total extraordinary losses	300,065	225,889
Profit before income taxes	1,804,070	2,209,380
Income taxes - current	725,921	738,479
Income taxes - deferred	(111,353)	(38,600)
Total income taxes	614,567	699,878
Profit	1,189,503	1,509,502
Profit attributable to owners of parent	1,189,503	1,509,502

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
Profit	1,189,503	1,509,502
Other comprehensive income		
Valuation difference on available-for-sale securities	179	(7,424)
Deferred gains or losses on hedges	7,956	3,978
Total other comprehensive income	8,136	(3,446)
Comprehensive income	1,197,639	1,506,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,197,639	1,506,055

Consolidated statements of changes in equity

Fiscal year ended June 30, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,781,660	1,781,660	4,562,078	—	8,125,398
Changes of items during period					
Issuance of new shares	139,372	139,372			278,745
Dividends of surplus			(253,200)		(253,200)
Profit attributable to owners of parent			1,189,503		1,189,503
Purchase of treasury shares				(67)	(67)
Net changes of items other than shareholders' equity					
Total changes of items during period	139,372	139,372	936,303	(67)	1,214,980
Balance at end of current period	1,921,032	1,921,032	5,498,382	(67)	9,340,379

	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 current period	3,278	(11,934)	(8,656)	8,116,742
Changes of items during period				
Issuance of new shares				278,745
Dividends of surplus				(253,200)
Profit attributable to owners of parent				1,189,503
Purchase of treasury shares				(67)
Net changes of items other than shareholders' equity	179	7,956	8,136	8,136
Total changes of items during period	179	7,956	8,136	1,223,116
Balance at end of current period	3,458	(3,978)	(520)	9,339,859

Fiscal year ended June 30, 2019

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,921,032	1,921,032	5,498,382	(67)	9,340,379
Changes of items during period					
Issuance of new shares	26,993	26,993			53,986
Dividends of surplus			(256,949)		(256,949)
Profit attributable to owners of parent			1,509,502		1,509,502
Net changes of items other than shareholders' equity					
Total changes of items during period	26,993	26,993	1,252,552	—	1,306,539
Balance at end of current 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 current period	3,458	(3,978)	(520)	9,339,859
Changes of items during period				
Issuance of new shares				53,986
Dividends of surplus				(256,949)
Profit attributable to owners of parent				1,509,502
Net changes of items other than shareholders' equity	(7,424)	3,978	(3,446)	(3,446)
Total changes of items during period	(7,424)	3,978	(3,446)	1,303,093
Balance at end of current period	(3,966)	—	(3,966)	10,642,952

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,804,070	2,209,380
Depreciation	405,477	448,147
Impairment loss	294,243	193,649
Amortization of goodwill	18,826	18,826
Loss (gain) on sales of non-current assets	(239,808)	(1,505)
Interest and dividend income	(2,274)	(2,265)
Interest expenses	48,876	32,403
Expenses for transfer to Tokyo Stock Exchange first section from second section	12,500	—
Share issuance cost	5,580	—
Decrease (increase) in notes and accounts receivable - trade	(181,728)	(194,930)
Decrease (increase) in inventories	(10,328)	(10,346)
Increase (decrease) in notes and accounts payable - trade	84,375	41,374
Increase (decrease) in income taxes payable - factor based tax	(54,564)	8,774
Increase (decrease) in accrued consumption taxes	(26,848)	44,932
Other, net	174,744	158,607
Subtotal	2,333,143	2,947,049
Interest and dividend income received	2,274	2,265
Interest expenses paid	(48,635)	(32,832)
Income taxes paid	(808,878)	(700,696)
Net cash provided by (used in) operating activities	1,477,904	2,215,785
Cash flows from investing activities		
Purchase of property, plant and equipment	(201,268)	(1,208,972)
Proceeds from sales of property, plant and equipment	789,796	50,448
Purchase of intangible assets	(75,753)	(103,054)
Purchase of investment securities	(3,597)	(3,596)
Payments for guarantee deposits	(430,594)	(510,568)
Proceeds from withdrawal of time deposits	—	500,000
Proceeds from collection of guarantee deposits	62,043	62,099
Purchase of long-term prepaid expenses	(95,572)	(17,420)
Other, net	—	(36)
Net cash provided by (used in) investing activities	45,055	(1,231,101)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	22,189	—
Proceeds from long-term loans payable	—	4,150,000
Repayments of long-term loans payable	(1,752,025)	(4,041,560)
Proceeds from issuance of common shares	273,164	—
Cash dividends paid	(252,678)	(256,611)
Expenses for transfer to Tokyo Stock Exchange first section from second section	(12,500)	—
Repayments of finance lease obligations	(16,677)	(35,760)
Other, net	(67)	—
Net cash provided by (used in) financing activities	(1,738,595)	(183,932)
Effect of exchange rate change on cash and cash equivalents	(1)	224
Net increase (decrease) in cash and cash equivalents	(215,636)	800,974
Cash and cash equivalents at beginning of period	5,049,948	4,834,311
Cash and cash equivalents at end of period	4,834,311	5,635,286