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Consolidated Financial Results for the Six Months Ended March 31, 2020 [Japanese GAAP]

May 13, 2020

Company name: HENNGE K.K.

Stock exchange listing: Tokyo

Code number: 4475

URL: <https://hennge.com/jp/>

Representative: Kazuhiro Ogura

Contact: Haruo Amano

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Scheduled date of filing quarterly securities report: May 13, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

Representative Director, Chief Executive Officer

Executive Officer of Business Administration Division

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended March 31, 2020 (October 01, 2019 to March 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended March 31, 2020	1,953	-	127	-	127	-	51	-
March 31, 2019	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Six months ended March 31, 2020: ¥ 52 million [-%]
Six months ended March 31, 2019: ¥ - million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2020	3.30	3.18
March 31, 2019	-	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2020	2,896	1,060	36.6
September 30, 2019	2,603	691	26.6

(Reference) Equity: As of March 31, 2020: ¥ 1,060 million
As of September 30, 2019: ¥ 691 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2019	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2020	-	0.00			
Fiscal year ending September 30, 2020 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending September 30, 2020 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2020 (October 01, 2019 to September 30, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,110	19.9	259	38.3	259	45.9	145	31.9	9.42

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended March 31, 2020

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2020: 15,634,200 shares

September 30, 2019: 15,388,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2020: - shares

September 30, 2019: - shares

3) Average number of shares during the period:

Six months ended March 31, 2020: 15,593,964 shares

Six months ended March 31, 2019: - shares

Quarterly Consolidated Financial Statements
 Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of September 30,2019	As of March 31,2020
Assets		
Current assets		
Cash and deposits	1,874,179	1,994,994
Accounts receivable - trade	88,444	125,643
Work in process	240	-
Raw materials	29	29
Prepaid expenses	148,571	286,791
Other	3,779	3,098
Total current assets	2,115,242	2,410,555
Non-current assets		
Property, plant and equipment	174,010	201,212
Intangible assets	3,774	3,193
Investments and other assets	310,174	281,022
Total non-current assets	487,959	485,427
Total assets	2,603,200	2,895,982
Liabilities		
Current liabilities		
Accounts payable - trade	12,076	16,348
Unearned revenue	1,357,381	1,329,326
Income taxes payable	47,928	58,516
Provision for bonuses	132,216	137,484
Asset retirement obligations	10,020	-
Other	226,013	181,335
Total current liabilities	1,785,633	1,723,009
Non-current liabilities		
Asset retirement obligations	61,251	61,320
Other	65,022	51,202
Total non-current liabilities	126,273	112,522
Total liabilities	1,911,906	1,835,531
Net assets		
Shareholders' equity		
Share capital	330,800	489,353
Capital surplus	296,500	455,053
Retained earnings	68,555	119,961
Total shareholders' equity	695,855	1,064,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	57	34
Foreign currency translation adjustment	(4,618)	(3,949)
Total accumulated other comprehensive income	(4,561)	(3,915)
Total net assets	691,294	1,060,451
Total liabilities and net assets	2,603,200	2,895,982

Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended March 31, 2020
Net sales	1,953,097
Cost of sales	357,179
Gross profit	1,595,919
Selling, general and administrative expenses	1,468,814
Operating profit	127,105
Non-operating income	
Interest income	590
Foreign exchange gains	390
Total non-operating income	980
Non-operating expenses	
Commission expenses	666
Total non-operating expenses	666
Ordinary profit	127,418
Extraordinary losses	
Loss on valuation of investment securities	30,000
Total extraordinary losses	30,000
Profit before income taxes	97,418
Income taxes - current	46,596
Income taxes - deferred	(584)
Total income taxes	46,012
Profit	51,406
Profit attributable to owners of parent	51,406

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended March 31,2020
Profit	51,406
Other comprehensive income	
Valuation difference on available-for-sale securities	(23)
Foreign currency translation adjustment	669
Total other comprehensive income	646
Comprehensive income	52,052
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	52,052

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended March 31,2020
Cash flows from operating activities	
Profit before income taxes	97,418
Depreciation	29,848
Increase (decrease) in provision for bonuses	5,268
Interest and dividend income	(590)
Foreign exchange losses (gains)	(2,902)
Loss (gain) on valuation of investment securities	30,000
Decrease (increase) in trade receivables	(37,199)
Decrease (increase) in inventories	240
Decrease (increase) in prepaid expenses	(138,220)
Increase (decrease) in trade payables	4,272
Increase (decrease) in unearned revenue	(28,055)
Other, net	(14,548)
Subtotal	(54,469)
Interest and dividends received	590
Income taxes paid	(36,363)
Net cash provided by (used in) operating activities	(90,242)
Cash flows from investing activities	
Purchase of property, plant and equipment	(108,692)
Payments for asset retirement obligations	(10,032)
Purchase of investment securities	(1,938)
Payments of leasehold and guarantee deposits	(207)
Proceeds from refund of leasehold and guarantee deposits	15,207
Net cash provided by (used in) investing activities	(105,662)
Cash flows from financing activities	
Proceeds from issuance of shares	317,106
Net cash provided by (used in) financing activities	317,106
Effect of exchange rate change on cash and cash equivalents	(387)
Net increase (decrease) in cash and cash equivalents	120,815
Cash and cash equivalents at beginning of period	1,874,179
Cash and cash equivalents at end of period	1,994,994