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Consolidated Financial Results for the Six Months Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: HENNGE K.K.

Stock exchange listing: Tokyo

Code number: 4475

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

Representative: Kazuhiro Ogura

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Scheduled date of filing quarterly securities report: May 12, 2023

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

Director, Executive Vice President

(Amounts are rounded to the nearest millions of yen.)

1. Consolidated Financial Results for the Six Months Ended March 31, 2023 (October 1, 2022 to March 31, 2023)

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

	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								
March 31, 2023	3,196	18.3	269	(23.2)	244	(28.0)	153	(32.8)
March 31, 2022	2,701	17.3	350	-	339	-	228	-

(Note) Comprehensive income: Six months ended March 31, 2023: ¥ 161 million [(10.4)%]
Six months ended March 31, 2022: ¥ 180 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2023	4.73	-
March 31, 2022	7.00	7.00

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
March 31, 2023	4,990	2,007	40.1
September 30, 2022	5,206	2,092	40.2

(Reference) Equity: As of March 31, 2023: ¥ 2,001 million
As of September 30, 2022: ¥ 2,092 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, 2022	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2023	-	0.00			
Fiscal year ending September 30, 2023 (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, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023(October 1, 2022 to September 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,725	19.1	561	21.3	561	24.0	353	10.0	10.87

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended March 31, 2023

(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: Yes

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, 2023: 32,500,600 shares

September 30, 2022: 32,500,600 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 233,017 shares

September 30, 2022: 276 shares

3) Average number of shares outstanding during the period:

Six months ended March 31, 2023: 32,331,749 shares

Six months ended March 31, 2022: 32,491,321 shares

Quarterly Consolidated Financial Statements
 Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,053,700	3,432,533
Accounts receivable - trade	115,304	142,390
Prepaid expenses	364,479	666,632
Other	3,313	517
Total current assets	4,536,797	4,242,072
Non-current assets		
Property, plant and equipment	160,876	179,796
Intangible assets	288	96
Investments and other assets	507,684	568,115
Total non-current assets	668,848	748,007
Total assets	5,205,645	4,990,079
Liabilities		
Current liabilities		
Accounts payable - trade	26,874	29,836
Contract liabilities	2,307,302	2,184,290
Income taxes payable	73,205	118,466
Provision for bonuses	168,565	180,606
Other	432,938	375,272
Total current liabilities	3,008,885	2,888,469
Non-current liabilities		
Asset retirement obligations	61,674	61,678
Other	43,281	32,976
Total non-current liabilities	104,955	94,654
Total liabilities	3,113,840	2,983,123
Net assets		
Shareholders' equity		
Share capital	521,191	521,191
Capital surplus	486,891	486,466
Retained earnings	968,541	1,121,390
Treasury shares	(684)	(251,863)
Total shareholders' equity	1,975,938	1,877,183
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	112,896	123,994
Foreign currency translation adjustment	2,972	280
Total accumulated other comprehensive income	115,868	124,274
Share acquisition rights	-	5,499
Total net assets	2,091,805	2,006,956
Total liabilities and net assets	5,205,645	4,990,079

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

(Thousands of yen)

	For the six months ended March 31, 2022	For the six months ended March 31, 2023
Net sales	2,700,670	3,195,643
Cost of sales	415,379	546,238
Gross profit	2,285,292	2,649,405
Selling, general and administrative expenses	1,935,713	2,380,857
Operating profit	349,579	268,548
Non-operating income		
Interest income	25	43
Total non-operating income	25	43
Non-operating expenses		
Foreign exchange losses	6,864	15,854
Loss on investments in investment partnerships	3,729	7,679
Other	-	998
Total non-operating expenses	10,593	24,531
Ordinary profit	339,010	244,060
Profit before income taxes	339,010	244,060
Income taxes - current	108,100	98,493
Income taxes - deferred	3,395	(7,283)
Total income taxes	111,495	91,211
Profit	227,515	152,849
Profit attributable to owners of parent	227,515	152,849

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

(Thousands of yen)

	For the six months ended March 31, 2022	For the six months ended March 31, 2023
Profit	227,515	152,849
Other comprehensive income		
Valuation difference on available-for-sale securities	(47,567)	11,098
Foreign currency translation adjustment	(35)	(2,692)
Total other comprehensive income	(47,601)	8,406
Comprehensive income	179,914	161,256
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	179,914	161,256

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended March 31, 2022	For the six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	339,010	244,060
Depreciation	17,650	16,681
Increase (decrease) in provision for bonuses	(21,617)	12,040
Interest and dividend income	(25)	(43)
Decrease (increase) in trade receivables	(11,875)	(27,086)
Decrease (increase) in prepaid expenses	(316,638)	(296,549)
Increase (decrease) in trade payables	145	2,962
Increase (decrease) in contract liabilities	(127,375)	(123,012)
Increase (decrease) in accounts payable - other	131,543	(68,448)
Other, net	9,351	25,343
Subtotal	20,170	(214,051)
Interest and dividends received	25	43
Income taxes paid	(67,792)	(55,687)
Net cash provided by (used in) operating activities	(47,598)	(269,696)
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,940)	(33,593)
Purchase of investment securities	(90,000)	(40,000)
Payments of leasehold and guarantee deposits	-	(6,245)
Proceeds from refund of leasehold and guarantee deposits	-	1,303
Other, net	(562)	-
Net cash provided by (used in) investing activities	(106,501)	(78,536)
Cash flows from financing activities		
Purchase of treasury shares	(217)	(270,313)
Net cash provided by (used in) financing activities	(217)	(270,313)
Effect of exchange rate change on cash and cash equivalents	(35)	(2,623)
Net increase (decrease) in cash and cash equivalents	(154,350)	(621,167)
Cash and cash equivalents at beginning of period	3,392,761	4,053,700
Cash and cash equivalents at end of period	3,238,410	3,432,533