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## Consolidated Financial Results for the Six Months Ended March 31, 2021 [Japanese GAAP]

May 12, 2021

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, 2021

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 million yen)

## 1. Consolidated Financial Results for the Six Months Ended March 31, 2021 (October 01, 2020 to March 31, 2021)

## (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, 2021	2,303	17.9	(23)	-	(20)	-	(20)	-
March 31, 2020	1,953	-	127	-	127	-	51	-

(Note) Comprehensive income: Six months ended March 31, 2021: ¥ (174) million [-%]  
Six months ended March 31, 2020: ¥ 52 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2021	(1.27)	-
March 31, 2020	3.30	3.18

## (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2021	3,667	1,664	45.4
September 30, 2020	4,241	1,822	43.0

(Reference) Equity: As of March 31, 2021: ¥ 1,664 million  
As of September 30, 2020: ¥ 1,822 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, 2020	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2021	-	0.00			
Fiscal year ending September 30, 2021 (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, 2021 :

Commemorative dividend	- yen
Special dividend	- yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2021(October 01, 2020 to September 30, 2021)

(% 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	4,841	16.6	310	(42.4)	310	(42.1)	193	(45.6)	12.06

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

## \* Notes:

(1) Changes in significant subsidiaries during the six months ended March 31, 2021

(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, 2021: 16,208,200 shares

September 30, 2020: 16,002,200 shares

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

March 31, 2021: 37 shares

September 30, 2020: 37 shares

3) Average number of shares during the period:

Six months ended March 31, 2021: 16,051,504 shares

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

Quarterly Consolidated Financial Statements  
 Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of September 30,2020	As of March 31,2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,870,891	2,397,619
Accounts receivable - trade	163,304	106,469
Work in process	-	2,063
Raw materials	29	29
Prepaid expenses	134,824	245,521
Other	2,408	3,641
<b>Total current assets</b>	<b>3,171,457</b>	<b>2,755,342</b>
Non-current assets		
Property, plant and equipment	188,314	183,301
Intangible assets	2,612	2,031
Investments and other assets		
Investment securities	653,878	433,576
Other	224,509	293,051
<b>Total investments and other assets</b>	<b>878,387</b>	<b>726,627</b>
<b>Total non-current assets</b>	<b>1,069,313</b>	<b>911,960</b>
<b>Total assets</b>	<b>4,240,770</b>	<b>3,667,302</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	17,234	18,913
Unearned revenue	1,606,578	1,525,158
Income taxes payable	148,240	13,442
Provision for bonuses	155,326	166,000
Other	300,105	155,805
<b>Total current liabilities</b>	<b>2,227,482</b>	<b>1,879,319</b>
Non-current liabilities		
Asset retirement obligations	61,390	61,460
Other	130,091	62,801
<b>Total non-current liabilities</b>	<b>191,481</b>	<b>124,261</b>
<b>Total liabilities</b>	<b>2,418,962</b>	<b>2,003,579</b>
Net assets		
Shareholders' equity		
Share capital	503,153	510,878
Capital surplus	468,853	476,578
Retained earnings	423,536	403,219
Treasury shares	(109)	(109)
<b>Total shareholders' equity</b>	<b>1,395,433</b>	<b>1,390,565</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	430,216	277,370
Foreign currency translation adjustment	(3,842)	(4,213)
<b>Total accumulated other comprehensive income</b>	<b>426,375</b>	<b>273,157</b>
<b>Total net assets</b>	<b>1,821,808</b>	<b>1,663,722</b>
<b>Total liabilities and net assets</b>	<b>4,240,770</b>	<b>3,667,302</b>

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	For the six months ended March 31,2021
Net sales	1,953,097	2,302,665
Cost of sales	357,179	390,175
Gross profit	1,595,919	1,912,490
Selling, general and administrative expenses	1,468,814	1,935,276
Operating profit (loss)	127,105	(22,786)
Non-operating income		
Interest income	590	17
Foreign exchange gains	390	477
Subsidy income	-	2,500
Other	-	6
Total non-operating income	980	3,000
Non-operating expenses		
Commission expenses	666	-
Total non-operating expenses	666	-
Ordinary profit (loss)	127,418	(19,786)
Extraordinary losses		
Loss on valuation of investment securities	30,000	-
Total extraordinary losses	30,000	-
Profit (loss) before income taxes	97,418	(19,786)
Income taxes - current	46,596	787
Income taxes - deferred	(584)	(255)
Total income taxes	46,012	532
Profit (loss)	51,406	(20,318)
Profit (loss) attributable to owners of parent	51,406	(20,318)

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

(Thousand yen)

	For the six months ended March 31,2020	For the six months ended March 31,2021
Profit (loss)	51,406	(20,318)
Other comprehensive income		
Valuation difference on available-for-sale securities	(23)	(152,846)
Foreign currency translation adjustment	669	(371)
Total other comprehensive income	646	(153,217)
Comprehensive income	52,052	(173,535)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	52,052	(173,535)

## Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended March 31,2020	For the six months ended March 31,2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	97,418	(19,786)
Depreciation	29,848	17,168
Increase (decrease) in provision for bonuses	5,268	10,675
Interest and dividend income	(590)	(17)
Foreign exchange losses (gains)	(2,902)	51
Loss (gain) on valuation of investment securities	30,000	-
Decrease (increase) in trade receivables	(37,199)	56,835
Decrease (increase) in inventories	240	(2,063)
Decrease (increase) in prepaid expenses	(138,220)	(110,697)
Increase (decrease) in trade payables	4,272	1,679
Increase (decrease) in unearned revenue	(28,055)	(81,419)
Increase (decrease) in accounts payable - other	(5,583)	(22,397)
Other, net	(8,965)	(193,738)
Subtotal	(54,469)	(343,709)
Interest and dividends received	590	17
Income taxes paid	(36,363)	(129,202)
Net cash provided by (used in) operating activities	(90,242)	(472,894)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(108,692)	(15,163)
Payments for asset retirement obligations	(10,032)	-
Purchase of investment securities	(1,938)	-
Payments of leasehold and guarantee deposits	(207)	(243)
Proceeds from refund of leasehold and guarantee deposits	15,207	-
Net cash provided by (used in) investing activities	(105,662)	(15,406)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	317,106	15,450
Net cash provided by (used in) financing activities	317,106	15,450
Effect of exchange rate change on cash and cash equivalents	(387)	(423)
Net increase (decrease) in cash and cash equivalents	120,815	(473,273)
Cash and cash equivalents at beginning of period	1,874,179	2,870,891
Cash and cash equivalents at end of period	1,994,994	2,397,619