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Consolidated Financial Results for the Year Ended September 30, 2022 [Japanese GAAP]

November 11, 2022

Company name: HENNGE K.K.
Stock exchange listing: Tokyo
Code number: 4475
URL: <https://hennge.com/jp/>
Representative: Kazuhiro Ogura
Contact: Haruo Amano
Phone: 03-6415-3660

Representative Director, Chief Executive Officer
Director, Executive Vice President

Scheduled date of Annual General Meeting of Shareholders: December 23, 2022
Scheduled date of commencing dividend payments: -
Scheduled date of filing annual securities report: December 23, 2022
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (October 01, 2021 to September 30, 2022)

(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	%
Fiscal year ended September 30, 2022	5,646	16.5	462	21.6	452	17.9	321	43.5
September 30, 2021	4,845	16.7	380	(29.4)	383	(28.4)	224	(36.9)

(Note) Comprehensive income: Fiscal year ended September 30, 2022: ¥ 231 million [-%]
Fiscal year ended September 30, 2021: ¥ 3 million [(99.6)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2022	9.88	9.88	16.3	9.3	8.2
September 30, 2021	6.93	6.89	12.2	8.8	7.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended September 30, 2022: ¥ - million
Fiscal year ended September 30, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	5,206	2,092	40.2	64.36
September 30, 2021	4,491	1,843	41.0	56.72

(Reference) Equity: As of September 30, 2022: ¥ 2,092 million
As of September 30, 2021: ¥ 1,843 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended September 30, 2022	777	(120)	(0)	4,054
September 30, 2021	527	(25)	18	3,393

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
September 30, 2021	-	0.00	-	0.00	0.00	-	-	-
September 30, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending September 30, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended September 30, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023 (October 01, 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,725	19.1	561	21.3	561	24.0	353	10.0	10.87

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) 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

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

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

September 30, 2022:	32,500,600 shares
September 30, 2021:	32,488,400 shares

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

September 30, 2022:	276 shares
September 30, 2021:	158 shares

3) Average number of shares during the period:

Fiscal Year ended September 30, 2022:	32,494,080 shares
Fiscal Year ended September 30, 2021:	32,281,819 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (October 01, 2021 to September 30, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2022	5,630	16.5	486	18.9	480	14.9	349	35.3
September 30, 2021	4,832	16.6	409	(27.0)	417	(25.7)	258	(32.4)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2022	10.73	10.73
September 30, 2021	7.98	7.93

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2022	5,277	2,174	41.2	66.90
September 30, 2021	4,540	1,902	41.9	58.55

(Reference) Equity: As of September 30, 2022: ¥ 2,174 million
As of September 30, 2021: ¥ 1,902 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of September 30,2021	As of September 30,2022
Assets		
Current assets		
Cash and deposits	3,392,761	4,053,700
Accounts receivable - trade	125,905	115,304
Prepaid expenses	216,298	364,479
Other	2,463	3,313
Total current assets	3,737,426	4,536,797
Non-current assets		
Property, plant and equipment		
Buildings	162,550	167,989
Accumulated depreciation	(33,627)	(46,812)
Buildings, net	128,923	121,177
Tools, furniture and fixtures	119,775	131,807
Accumulated depreciation	(78,196)	(92,493)
Tools, furniture and fixtures, net	41,579	39,313
Construction in progress	941	386
Total property, plant and equipment	171,443	160,876
Intangible assets		
Software	1,450	288
Total intangible assets	1,450	288
Investments and other assets		
Investment securities	308,373	258,939
Deferred tax assets	24,374	67,981
Leasehold and guarantee deposits	160,808	161,047
Other	87,344	19,718
Total investments and other assets	580,898	507,684
Total non-current assets	753,791	668,848
Total assets	4,491,217	5,205,645

(Thousand yen)

	As of September 30,2021	As of September 30,2022
Liabilities		
Current liabilities		
Accounts payable - trade	24,151	26,874
Accounts payable - other	163,049	294,174
Income taxes payable	83,300	73,205
Unearned revenue	1,929,328	-
Contract liabilities	-	2,307,302
Provision for bonuses	197,112	168,565
Other	151,901	138,764
Total current liabilities	2,548,842	3,008,885
Non-current liabilities		
Asset retirement obligations	61,531	61,674
Other	38,016	43,281
Total non-current liabilities	99,547	104,955
Total liabilities	2,648,388	3,113,840
Net assets		
Shareholders' equity		
Share capital	512,228	521,191
Capital surplus	477,928	486,891
Retained earnings	647,371	968,541
Treasury shares	(432)	(684)
Total shareholders' equity	1,637,095	1,975,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	207,048	112,896
Foreign currency translation adjustment	(1,314)	2,972
Total accumulated other comprehensive income	205,734	115,868
Total net assets	1,842,829	2,091,805
Total liabilities and net assets	4,491,217	5,205,645

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Net sales	4,844,887	5,646,198
Cost of sales	821,701	874,476
Gross profit	4,023,187	4,771,722
Selling, general and administrative expenses	3,643,087	4,309,421
Operating profit	380,100	462,301
Non-operating income		
Interest income	37	47
Dividend income	6	-
Gain on sale of investment securities	152	-
Foreign exchange gains	577	-
Subsidy income	2,500	-
Other	31	45
Total non-operating income	3,303	92
Non-operating expenses		
Foreign exchange losses	-	6,515
Loss on investments in investment partnerships	-	3,729
Total non-operating expenses	-	10,244
Ordinary profit	383,403	452,149
Extraordinary losses		
Loss on valuation of investment securities	27,200	-
Total extraordinary losses	27,200	-
Profit before income taxes	356,203	452,149
Income taxes - current	150,435	133,034
Income taxes - deferred	(18,067)	(2,054)
Total income taxes	132,368	130,980
Profit	223,835	321,169
Profit attributable to owners of parent	223,835	321,169

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Profit	223,835	321,169
Other comprehensive income		
Valuation difference on available-for-sale securities	(223,168)	(94,153)
Foreign currency translation adjustment	2,527	4,286
Total other comprehensive income	(220,641)	(89,866)
Comprehensive income	3,194	231,303
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,194	231,303

Consolidated Statements of Changes in Net Assets

For the fiscal year ended September 30,2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	503,153	468,853	423,536	(109)	1,395,433
Changes during period					
Issuance of new shares	9,075	9,075			18,150
Profit attributable to owners of parent			223,835		223,835
Purchase of treasury shares				(323)	(323)
Net changes in items other than shareholders' equity					
Total changes during period	9,075	9,075	223,835	(323)	241,662
Balance at end of period	512,228	477,928	647,371	(432)	1,637,095

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	430,216	(3,842)	426,375	1,821,808
Changes during period				
Issuance of new shares				18,150
Profit attributable to owners of parent				223,835
Purchase of treasury shares				(323)
Net changes in items other than shareholders' equity	(223,168)	2,527	(220,641)	(220,641)
Total changes during period	(223,168)	2,527	(220,641)	21,021
Balance at end of period	207,048	(1,314)	205,734	1,842,829

For the fiscal year ended September 30,2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	512,228	477,928	647,371	(432)	1,637,095
Changes during period					
Issuance of new shares	8,963	8,963			17,926
Profit attributable to owners of parent			321,169		321,169
Purchase of treasury shares				(252)	(252)
Net changes in items other than shareholders' equity					
Total changes during period	8,963	8,963	321,169	(252)	338,843
Balance at end of period	521,191	486,891	968,541	(684)	1,975,938

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	207,048	(1,314)	205,734	1,842,829
Changes during period				
Issuance of new shares				17,926
Profit attributable to owners of parent				321,169
Purchase of treasury shares				(252)
Net changes in items other than shareholders' equity	(94,153)	4,286	(89,866)	(89,866)
Total changes during period	(94,153)	4,286	(89,866)	248,976
Balance at end of period	112,896	2,972	115,868	2,091,805

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	356,203	452,149
Depreciation	36,702	39,123
Increase (decrease) in provision for bonuses	41,786	(28,546)
Interest and dividend income	(43)	(47)
Foreign exchange losses (gains)	51	-
Loss (gain) on sale of investment securities	(152)	-
Loss (gain) on valuation of investment securities	27,200	-
Decrease (increase) in trade receivables	37,400	10,601
Decrease (increase) in inventories	29	-
Decrease (increase) in prepaid expenses	(81,473)	(141,607)
Increase (decrease) in trade payables	6,917	2,724
Increase (decrease) in accounts payable - other	54,197	132,268
Increase (decrease) in unearned revenue	322,751	-
Increase (decrease) in contract liabilities	-	377,974
Other, net	(61,054)	75,410
Subtotal	740,511	920,048
Interest and dividends received	43	47
Income taxes paid	(213,626)	(143,359)
Net cash provided by (used in) operating activities	526,929	776,736
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,732)	(28,537)
Proceeds from sale of investment securities	233	-
Purchase of investment securities	(3,436)	(90,001)
Payments of leasehold and guarantee deposits	(428)	(735)
Proceeds from refund of leasehold and guarantee deposits	-	143
Other, net	-	(652)
Net cash provided by (used in) investing activities	(25,363)	(119,782)
Cash flows from financing activities		
Purchase of treasury shares	(323)	(252)
Proceeds from issuance of shares	18,150	152
Net cash provided by (used in) financing activities	17,827	(100)
Effect of exchange rate change on cash and cash equivalents	2,476	4,086
Net increase (decrease) in cash and cash equivalents	521,869	660,940
Cash and cash equivalents at beginning of period	2,870,891	3,392,761
Cash and cash equivalents at end of period	3,392,761	4,053,700