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Consolidated Financial Results for the Six Months Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

Company name: HENNGE K.K.

Stock exchange listing: Tokyo

Code number: 4475

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

Representative: Kazuhiro Ogura

Representative Director, Chief Executive Officer

Contact: Ryo Kobayashi

Executive Officer

Phone: +81-3-6415-3660

Scheduled date of filing quarterly securities report: May 10, 2024

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Six Months Ended March 31, 2024 (October 1, 2023 to March 31, 2024)

(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, 2024	3,895	21.9	648	141.4	636	160.5	421	175.7
March 31, 2023	3,196	18.3	269	(23.2)	244	(28.0)	153	(32.8)

(Note) Comprehensive income: Six months ended March 31, 2024: ¥ 435 million [169.9%]
Six months ended March 31, 2023: ¥ 161 million [(10.4)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2024	13.05	13.04
March 31, 2023	4.73	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
March 31, 2024	6,464	2,887	44.1
September 30, 2023	6,295	2,415	38.0

(Reference) Equity: As of March 31, 2024: ¥ 2,849 million
As of September 30, 2023: ¥ 2,393 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, 2023	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2024	-	0.00			
Fiscal year ending September 30, 2024 (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, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024(October 1, 2023 to September 30, 2024)

(% 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	8,316	22.7	945	33.5	945	32.5	633	24.4	19.62

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended March 31, 2024

(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, 2024: 32,500,600 shares

September 30, 2023: 32,500,600 shares

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

March 31, 2024: 216,654 shares

September 30, 2023: 233,017 shares

3) Average number of shares outstanding during the period:

Six months ended March 31, 2024: 32,273,831 shares

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

Quarterly Consolidated Financial Statements
 Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	4,585,223	4,358,989
Accounts receivable - trade	169,955	187,239
Prepaid expenses	330,999	520,338
Other	29,273	3,441
Total current assets	5,115,450	5,070,006
Non-current assets		
Property, plant and equipment	167,721	216,880
Intangible assets	44,688	44,688
Investments and other assets	966,927	1,132,467
Total non-current assets	1,179,336	1,394,035
Total assets	6,294,786	6,464,041
Liabilities		
Current liabilities		
Accounts payable - trade	29,149	33,039
Contract liabilities	2,791,415	2,474,384
Income taxes payable	190,878	248,150
Provision for bonuses	212,819	228,672
Other	568,985	445,672
Total current liabilities	3,793,246	3,429,917
Non-current liabilities		
Asset retirement obligations	61,682	90,310
Other	24,582	56,674
Total non-current liabilities	86,264	146,984
Total liabilities	3,879,510	3,576,902
Net assets		
Shareholders' equity		
Share capital	521,191	521,191
Capital surplus	486,891	489,269
Retained earnings	1,476,949	1,898,282
Treasury shares	(251,863)	(234,178)
Total shareholders' equity	2,233,167	2,674,563
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	157,707	171,741
Foreign currency translation adjustment	2,404	2,342
Total accumulated other comprehensive income	160,112	174,083
Share acquisition rights	21,997	38,494
Total net assets	2,415,276	2,887,140
Total liabilities and net assets	6,294,786	6,464,041

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, 2023	For the six months ended March 31, 2024
Net sales	3,195,643	3,895,018
Cost of sales	546,238	624,703
Gross profit	2,649,405	3,270,315
Selling, general and administrative expenses	2,380,857	2,621,931
Operating profit	268,548	648,383
Non-operating income		
Interest income	43	76
Foreign exchange gains	-	24,412
Total non-operating income	43	24,487
Non-operating expenses		
Loss on investments in investment partnerships	7,679	11,182
Loss on valuation of derivatives	-	25,805
Foreign exchange losses	15,854	-
Other	998	-
Total non-operating expenses	24,531	36,986
Ordinary profit	244,060	635,884
Profit before income taxes	244,060	635,884
Income taxes - current	98,493	221,487
Income taxes - deferred	(7,283)	(6,935)
Total income taxes	91,211	214,551
Profit	152,849	421,333
Profit attributable to owners of parent	152,849	421,333

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

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
Profit	152,849	421,333
Other comprehensive income		
Valuation difference on available-for-sale securities	11,098	14,034
Foreign currency translation adjustment	(2,692)	(62)
Total other comprehensive income	8,406	13,971
Comprehensive income	161,256	435,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	161,256	435,304

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	244,060	635,884
Depreciation	16,681	15,508
Increase (decrease) in provision for bonuses	12,040	15,853
Interest and dividend income	(43)	(76)
Decrease (increase) in trade receivables	(27,086)	(17,284)
Decrease (increase) in prepaid expenses	(296,549)	(183,870)
Increase (decrease) in trade payables	2,962	3,890
Increase (decrease) in contract liabilities	(123,012)	(317,031)
Increase (decrease) in accounts payable - other	(68,448)	(156,966)
Other, net	25,343	(20,582)
Subtotal	(214,051)	(24,671)
Interest and dividends received	43	76
Income taxes paid	(55,687)	(166,651)
Net cash provided by (used in) operating activities	(269,696)	(191,247)
Cash flows from investing activities		
Purchase of property, plant and equipment	(33,593)	(3,021)
Purchase of investment securities	(40,000)	(49,980)
Payments of leasehold and guarantee deposits	(6,245)	(112)
Proceeds from refund of leasehold and guarantee deposits	1,303	-
Other, net	-	18,261
Net cash provided by (used in) investing activities	(78,536)	(34,852)
Cash flows from financing activities		
Purchase of treasury shares	(270,313)	(43)
Net cash provided by (used in) financing activities	(270,313)	(43)
Effect of exchange rate change on cash and cash equivalents	(2,623)	(92)
Net increase (decrease) in cash and cash equivalents	(621,167)	(226,234)
Cash and cash equivalents at beginning of period	4,053,700	4,585,223
Cash and cash equivalents at end of period	3,432,533	4,358,989