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Consolidated Financial Results for the Year Ended September 30, 2024 [Japanese GAAP]

November 8, 2024

Company name: HENNGE K.K.
Listing: Tokyo
Securities code: 4475
URL: https://hennge.com/jp/
Representative: Kazuhiro Ogura Representative Director, Chief Executive Officer
Inquiries: Ryo Kobayashi Executive Officer
Telephone: +81-3-6415-3660

Scheduled date of annual general meeting of shareholders: December 24, 2024
Scheduled date to commence dividend payments: December 26, 2024
Scheduled date to file annual securities report: December 24, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

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

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	8,365	23.5	1,015	43.4	1,000	40.3	827	62.6
September 30, 2023	6,776	20.0	708	53.1	713	57.7	509	58.4

(Note) Comprehensive income: Fiscal year ended September 30, 2024: ¥ 668 million [20.8%]
Fiscal year ended September 30, 2023: ¥ 553 million [139.1%]

	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
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2024	25.67	25.64	31.1	13.7	12.1
September 30, 2023	15.75	-	22.7	12.4	10.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended September 30, 2024: ¥ - million
Fiscal year ended September 30, 2023: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	8,285	2,987	35.4	91.22
September 30, 2023	6,295	2,415	38.0	74.17

(Reference) Equity: As of September 30, 2024: ¥ 2,931 million
As of September 30, 2023: ¥ 2,393 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2024	1,930	(35)	(151)	6,328
September 30, 2023	1,228	(425)	(270)	4,585

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	Millions of yen	%	%
September 30, 2023	-	0.00	-	0.00	0.00	-	-	-
September 30, 2024	-	0.00	-	3.00	3.00	96	11.7	3.6
Fiscal year ending September 30, 2025 (Forecast)	-	0.00	-	4.00	4.00		11.6	

(Note) Breakdown of the year-end dividend for the fiscal year ended September 30, 2024 :

Commemorative dividend - yen

Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(Percentages indicate year-on-year changes.)

	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	10,441	24.8	1,574	55.1	1,574	57.4	1,109	34.1	34.52

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

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

September 30, 2024: 32,500,600 shares

September 30, 2023: 32,500,600 shares

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

September 30, 2024: 366,654 shares

September 30, 2023: 233,017 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended September 30, 2024: 32,227,659 shares

Fiscal Year ended September 30, 2023: 32,299,578 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	8,337	23.5	1,040	38.4	1,027	35.1	696	25.2
September 30, 2023	6,750	19.9	752	54.6	760	58.5	556	59.5

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
September 30, 2024	21.60	21.57
September 30, 2023	17.22	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	8,268	2,987	35.5	91.23
September 30, 2023	6,411	2,546	39.4	78.21

(Reference) Equity: As of September 30, 2024: ¥ 2,932 million
As of September 30, 2023: ¥ 2,524 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,585,223	6,327,872
Accounts receivable - trade	169,955	186,947
Prepaid expenses	330,999	403,932
Other	29,273	802
Total current assets	5,115,450	6,919,552
Non-current assets		
Property, plant and equipment		
Buildings	195,732	331,094
Accumulated depreciation	(60,247)	(79,263)
Buildings, net	135,486	251,831
Tools, furniture and fixtures	125,471	133,448
Accumulated depreciation	(94,778)	(97,754)
Tools, furniture and fixtures, net	30,693	35,695
Construction in progress	1,542	2,539
Total property, plant and equipment	167,721	290,064
Intangible assets		
Software	-	30,495
Software in progress	44,688	12,588
Total intangible assets	44,688	43,083
Investments and other assets		
Investment securities	556,363	460,110
Deferred tax assets	75,727	144,378
Leasehold and guarantee deposits	256,850	282,142
Other	77,986	145,897
Total investments and other assets	966,927	1,032,527
Total non-current assets	1,179,336	1,365,675
Total assets	6,294,786	8,285,227

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	29,149	38,206
Accounts payable - other	353,072	468,086
Income taxes payable	190,878	280,848
Contract liabilities	2,791,415	3,702,787
Provision for bonuses	212,819	294,488
Other	215,913	308,338
Total current liabilities	3,793,246	5,092,752
Non-current liabilities		
Asset retirement obligations	61,682	159,549
Other	24,582	46,258
Total non-current liabilities	86,264	205,807
Total liabilities	3,879,510	5,298,559
Net assets		
Shareholders' equity		
Share capital	521,191	521,191
Capital surplus	486,891	489,269
Retained earnings	1,476,949	2,304,360
Treasury shares	(251,863)	(384,662)
Total shareholders' equity	2,233,167	2,930,157
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	157,707	-
Foreign currency translation adjustment	2,404	974
Total accumulated other comprehensive income	160,112	974
Share acquisition rights	21,997	55,537
Total net assets	2,415,276	2,986,668
Total liabilities and net assets	6,294,786	8,285,227

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Net sales	6,775,545	8,364,548
Cost of sales	1,098,219	1,329,165
Gross profit	5,677,326	7,035,383
Selling, general and administrative expenses	4,969,650	6,020,474
Operating profit	707,676	1,014,909
Non-operating income		
Interest income	86	585
Foreign exchange gains	-	35,391
Gain on valuation of derivatives	29,174	-
Other	35	60
Total non-operating income	29,295	36,036
Non-operating expenses		
Foreign exchange losses	15,652	-
Loss on investments in investment partnerships	7,679	11,182
Loss on valuation of derivatives	-	39,257
Other	811	724
Total non-operating expenses	24,142	51,163
Ordinary profit	712,830	999,781
Extraordinary income		
Gain on sale of investment securities	-	181,371
Total extraordinary income	-	181,371
Profit before income taxes	712,830	1,181,152
Income taxes - current	231,520	366,017
Income taxes - deferred	(27,524)	(12,276)
Total income taxes	203,996	353,741
Profit	508,834	827,410
Profit attributable to owners of parent	508,834	827,410

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Profit	508,834	827,410
Other comprehensive income		
Valuation difference on available-for-sale securities	44,812	(157,707)
Foreign currency translation adjustment	(568)	(1,430)
Total other comprehensive income	44,244	(159,137)
Comprehensive income	553,078	668,273
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	553,078	668,273

Consolidated Statements of Changes in Equity

For the fiscal year ended September 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	521,191	486,891	968,541	(684)	1,975,938
Changes during period					
Profit attributable to owners of parent			508,834		508,834
Purchase of treasury shares				(270,313)	(270,313)
Disposal of treasury shares		(425)		19,134	18,709
Transfer from retained earnings to capital surplus		425	(425)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	508,409	(251,179)	257,230
Balance at end of period	521,191	486,891	1,476,949	(251,863)	2,233,167

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	112,896	2,972	115,868	-	2,091,805
Changes during period					
Profit attributable to owners of parent					508,834
Purchase of treasury shares					(270,313)
Disposal of treasury shares					18,709
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	44,812	(568)	44,244	21,997	66,241
Total changes during period	44,812	(568)	44,244	21,997	323,470
Balance at end of period	157,707	2,404	160,112	21,997	2,415,276

For the fiscal year ended September 30, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	521,191	486,891	1,476,949	(251,863)	2,233,167
Changes during period					
Profit attributable to owners of parent			827,410		827,410
Purchase of treasury shares				(150,527)	(150,527)
Disposal of treasury shares		2,378		17,728	20,106
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity					
Total changes during period	-	2,378	827,410	(132,799)	696,990
Balance at end of period	521,191	489,269	2,304,360	(384,662)	2,930,157

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	157,707	2,404	160,112	21,997	2,415,276
Changes during period					
Profit attributable to owners of parent					827,410
Purchase of treasury shares					(150,527)
Disposal of treasury shares					20,106
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	(157,707)	(1,430)	(159,137)	33,540	(125,597)
Total changes during period	(157,707)	(1,430)	(159,137)	33,540	571,393
Balance at end of period	-	974	974	55,537	2,986,668

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	712,830	1,181,152
Depreciation	35,946	40,014
Increase (decrease) in provision for bonuses	44,254	81,669
Interest and dividend income	(86)	(585)
Loss (gain) on sale of investment securities	-	(181,371)
Loss (gain) on valuation of derivatives	(29,174)	39,257
Loss (gain) on investments in investment partnerships	7,679	11,182
Decrease (increase) in trade receivables	(54,651)	(16,991)
Decrease (increase) in prepaid expenses	38,759	(70,859)
Increase (decrease) in trade payables	2,274	9,057
Increase (decrease) in accounts payable - other	59,958	111,302
Increase (decrease) in contract liabilities	484,113	911,371
Other, net	46,144	96,589
Subtotal	1,348,046	2,211,787
Interest and dividends received	86	585
Income taxes paid	(120,556)	(282,527)
Net cash provided by (used in) operating activities	1,227,575	1,929,844
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,948)	(61,363)
Purchase of intangible assets	(44,688)	-
Purchase of investment securities	(240,515)	(149,483)
Proceeds from sale of investment securities	-	183,309
Proceeds from distributions from investment partnerships	-	18,261
Payments of leasehold and guarantee deposits	(98,255)	(25,887)
Proceeds from refund of leasehold and guarantee deposits	2,467	552
Other, net	(217)	(217)
Net cash provided by (used in) investing activities	(425,157)	(34,828)
Cash flows from financing activities		
Purchase of treasury shares	(270,313)	(150,979)
Net cash provided by (used in) financing activities	(270,313)	(150,979)
Effect of exchange rate change on cash and cash equivalents	(583)	(1,387)
Net increase (decrease) in cash and cash equivalents	531,522	1,742,650
Cash and cash equivalents at beginning of period	4,053,700	4,585,223
Cash and cash equivalents at end of period	4,585,223	6,327,872