

Consolidated Financial Results for the Year Ended March 31, 2022 [J-GAAP]
Heiwa Corporation

May 13, 2022

Stock code: 6412
 URL: <https://www.heimanet.co.jp/>
 Shares listed: Tokyo Stock Exchange
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Scheduled date of Ordinary General Meeting of Shareholders: June 29, 2022
 Scheduled date of start of dividend payment: June 30, 2022
 Scheduled date of the filing of the annual report: June 29, 2022
 Preparation of supplementary briefing materials for the financial results: Yes
 Holding of any briefing session for the financial results: Yes

I. Financial Highlights

As of and for the years ended March 31, 2021 and 2022

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY 3/2021	YoY	FY 3/2022	YoY
	(million yen)	(%)	(million yen)	(%)
(1) Consolidated financial results				
Net sales	107,744	(25.5)	121,558	12.8
Operating income	5,311	(77.4)	10,235	92.7
Ordinary income	5,799	(75.1)	10,467	80.5
Profit attributable to owners of parent	865	(94.5)	2,193	153.5
Basic earnings per share (yen)	8.77		22.24	
Diluted earnings per share (yen)	-		-	
Return on equity (ROE) (%)	0.4		1.0	
Ordinary income to total net assets (%)	1.3		2.5	
Operating income to net sales (%)	4.9		8.4	
(2) Consolidated financial position				
Total assets	430,070		417,066	
Net assets	226,242		217,186	
Shareholders' equity ratio (%)	52.6		52.1	
Net assets per share (yen)	2,293.78		2,202.00	
(3) Consolidated cash flows				
Net cash provided by (used in) operating activities	7,033		20,436	
Net cash provided by (used in) investing activities	(5,865)		2,044	
Net cash provided by (used in) financing activities	(3,072)		(17,364)	
Cash and cash equivalents at end of period	33,472		38,596	

(Note) Comprehensive income: Year ended March 31, 2022: ¥1,812 million 15.9%
 Year ended March 31, 2021: ¥1,563 million (89.9%)

(Reference)

Equity in earnings: Year ended March 31, 2022: ¥— million
 Year ended March 31, 2021: ¥— million
 Shareholders' equity: As of March 31, 2022: ¥217,186 million
 As of March 31, 2021: ¥226,242 million

2. Dividends

	Annual dividends per share					Total Dividends	Payout Ratio	Dividend on Net Assets Ratio
	1Q-end	2Q-end	3Q-end	Year-end	Total	(Total)	(Consolidated)	(Consolidated)
	<i>(yen)</i>					<i>(million yen)</i>	<i>(%)</i>	<i>(%)</i>
FY3/2021	–	40.00	–	40.00	80.00	7,890	912.1	3.4
FY3/2022	–	40.00	–	40.00	80.00	7,890	359.7	3.6
FY3/2023 (Forecast)	–	40.00	–	40.00	80.00		59.3	

3. Consolidated Results Forecast for Year Ending March 31, 2023

	FY 3/2023	
	Full year	YoY
	<i>(million yen)</i>	<i>(%)</i>
Net sales	138,000	13.5
Operating income	20,700	102.2
Ordinary income	20,000	91.1
Profit attributable to owners of parent	13,900	506.4
Earnings per share <i>(yen)</i>	134.85	–

(Note) The Group conducts performance management on an annual basis, so only full-year consolidated forecasts is released.

* This financial report is not subject to the audit procedure.

* Explanations about the appropriate use of the consolidated results forecasts and other noteworthy points:

1. The results forecasts included in these materials are based on information currently available to the Company, and actual results may differ significantly from forecast figures due to a number of factors.

2. The Company will hold a financial results briefing for securities analysts and institutional investors on Monday, May 16, 2022. The financial results briefing materials distributed at the briefing will be posted on the Company's website soon after the statement of financial results is released.

II. Consolidated financial statements

1. Consolidated balance sheet

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	40,307	42,250
Notes and accounts receivable - trade	8,271	7,561
Electronically recorded monetary claims - operating	1,004	1,080
Securities	29,776	24,801
Merchandise and finished goods	2,125	2,365
Raw materials and supplies	7,811	7,345
Other	12,190	7,696
Allowance for doubtful accounts	(302)	(272)
Total current assets	101,184	92,828
Non-current assets		
Property, plant and equipment		
Buildings and structures	108,209	111,638
Accumulated depreciation	(42,982)	(46,826)
Buildings and structures, net	65,226	64,811
Machinery, equipment and vehicles	14,500	16,506
Accumulated depreciation	(9,042)	(10,137)
Machinery, equipment and vehicles, net	5,458	6,368
Tools, furniture and fixtures	23,803	22,428
Accumulated depreciation	(17,527)	(18,344)
Tools, furniture and fixtures, net	6,275	4,084
Land	214,535	215,307
Leased assets	8,964	9,112
Accumulated depreciation	(7,391)	(7,490)
Leased assets, net	1,572	1,622
Construction in progress	361	257
Total property, plant and equipment	293,431	292,451
Intangible assets		
Goodwill	5,947	5,748
Other	4,569	4,493
Total intangible assets	10,516	10,242
Investments and other assets		
Investment securities	10,975	8,238
Long-term loans receivable	2	1
Deferred tax assets	9,106	8,422
Other	5,378	5,178
Allowance for doubtful accounts	(525)	(296)
Total investments and other assets	24,938	21,543
Total non-current assets	328,886	324,238
Total assets	430,070	417,066

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,954	3,704
Electronically recorded obligations - operating	6,786	7,224
Current portion of long-term borrowings	37,301	29,543
Income taxes payable	2,206	3,639
Provision for bonuses	587	540
Provision for shareholder benefit program	577	323
Provision for loss on disaster	178	28
Other	15,272	22,252
Total current liabilities	66,864	67,257
Non-current liabilities		
Long-term borrowings	84,153	83,103
Deferred tax liabilities	16,696	15,212
Retirement benefit liability	5,318	5,278
Deposits received from members	27,526	25,848
Other	3,269	3,179
Total non-current liabilities	136,963	132,622
Total liabilities	203,827	199,880
Net assets		
Shareholders' equity		
Share capital	16,755	16,755
Capital surplus	54,863	54,863
Retained earnings	155,594	146,922
Treasury shares	(1,343)	(1,346)
Total shareholders' equity	225,869	217,194
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	373	41
Remeasurements of defined benefit plans	(0)	(49)
Total accumulated other comprehensive income	373	(7)
Total net assets	226,242	217,186
Total liabilities and net assets	430,070	417,066

2. Consolidated statements of income and comprehensive income

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	107,744	121,558
Cost of sales	78,709	88,159
Gross profit	29,035	33,399
Selling, general and administrative expenses	23,723	23,163
Operating profit	5,311	10,235
Non-operating income		
Interest income	163	100
Dividend income	40	46
Gain on sale of investment securities	39	198
Gain on redemption of securities	419	—
Insurance claim income	216	81
Subsidy income	467	3
Electricity sale income	153	133
Gain on sale of non-current assets	5	331
Other	479	467
Total non-operating income	1,986	1,361
Non-operating expenses		
Interest expenses	401	390
Loss on redemption of securities	59	55
Commission expenses	402	259
Loss on retirement of non-current assets	189	116
Expenditures related to natural disaster	116	102
Provision for loss on disaster	178	28
Other	151	177
Total non-operating expenses	1,498	1,129
Ordinary profit	5,799	10,467
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Impairment losses	3,769	—
Extra retirement payments	—	2,145
Loss on termination of retirement benefit plan	—	113
Total extraordinary losses	3,769	2,259
Profit before income taxes	2,029	8,208
Income taxes - current	2,714	5,058
Income taxes - deferred	(1,549)	956
Total income taxes	1,164	6,015
Profit	865	2,193
Profit attributable to		
Profit attributable to owners of parent	865	2,193
Other comprehensive income		
Valuation difference on available-for-sale securities	532	(332)
Remeasurements of defined benefit plans, net of tax	166	(48)
Total other comprehensive income	698	(381)
Comprehensive income	1,563	1,812
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,563	1,812

3. Consolidated statement of change in net assets

Fiscal year ended March 31, 2021 (April 1, 2020-March 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,755	54,863	162,620	(1,337)	232,900
Changes of items during period					
Dividends of surplus			(7,890)		(7,890)
Profit attributable to owners of parent			865		865
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		0		0	0
Other		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	(7,025)	(5)	(7,031)
Balance at end of current period	16,755	54,863	155,594	(1,343)	225,869

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(158)	(166)	(325)	0	232,575
Changes of items during period					
Dividends of surplus					(7,890)
Profit attributable to owners of parent					865
Purchase of treasury shares					(6)
Disposal of treasury shares					0
Other					(0)
Net changes of items other than shareholders' equity	532	166	698	(0)	698
Total changes of items during period	532	166	698	(0)	(6,332)
Balance at end of current period	373	(0)	373	—	226,242

Fiscal year ended March 31, 2022 (April 1, 2021-March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,755	54,863	155,594	(1,343)	225,869
Cumulative effects of changes in accounting policies			(2,974)		(2,974)
Restated balance	16,755	54,863	152,620	(1,343)	222,895
Changes during period					
Dividends of surplus			(7,890)		(7,890)
Profit attributable to owners of parent			2,193		2,193
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		0		0	0
Other					—
Net changes in items other than shareholders' equity					
Total changes during period	—	0	(5,697)	(3)	(5,700)
Balance at end of period	16,755	54,863	146,922	(1,346)	217,194

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	373	(0)	373	—	226,242
Cumulative effects of changes in accounting policies					(2,974)
Restated balance	373	(0)	373	—	223,268
Changes during period					
Dividends of surplus					(7,890)
Profit attributable to owners of parent					2,193
Purchase of treasury shares					(3)
Disposal of treasury shares					0
Other					—
Net changes in items other than shareholders' equity	(332)	(48)	(381)	—	(381)
Total changes during period	(332)	(48)	(381)	—	(6,081)
Balance at end of period	41	(49)	(7)	—	217,186

4. Consolidated statements of cash flows

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,029	8,208
Depreciation	9,016	10,082
Increase (decrease) in allowance for doubtful accounts	(42)	(257)
Increase (decrease) in provision for bonuses	(369)	(53)
Increase (decrease) in provision for shareholder benefit program	(1,766)	(254)
Increase (decrease) in retirement benefit liability	303	(122)
Interest income	(163)	(100)
Dividend income	(40)	(46)
Interest expenses	401	390
Foreign exchange losses (gains)	(2)	(8)
Loss (gain) on sale of investment securities	(39)	(198)
Loss (gain) on redemption of securities	(360)	55
Loss (gain) on sale of non-current assets	(5)	(331)
Loss (gain) on investments in investment partnerships	(105)	1
Impairment losses	3,769	—
Extra retirement payments	—	2,145
Decrease (increase) in trade receivables	4,195	638
Decrease (increase) in advance payments to suppliers	54	1,305
Decrease (increase) in advance payments - other	143	537
Decrease (increase) in consumption taxes refund receivable	(911)	1,048
Decrease (increase) in inventories	(2,467)	230
Increase (decrease) in trade payables	(999)	464
Increase (decrease) in accounts payable - other	(156)	101
Increase (decrease) in accrued consumption taxes	2,035	(1,536)
Increase (decrease) in advances received	68	1,091
Increase (decrease) in deposits received from members	(1,555)	(1,338)
Other, net	288	914
Subtotal	13,319	22,966
Interest and dividends received	217	153
Interest paid	(395)	(393)
Income taxes paid	(6,120)	(3,969)
Income taxes refund	14	1,818
Extra retirement payments	—	(138)
Net cash provided by (used in) operating activities	7,033	20,436

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(29,760)	(44,235)
Proceeds from withdrawal of time deposits	27,500	51,057
Purchase of short-term and long-term investment securities	(44,337)	(54,432)
Proceeds from sale and redemption of short-term and long-term investment securities	60,896	58,165
Purchase of property, plant and equipment	(7,345)	(7,007)
Proceeds from sale of property, plant and equipment	97	573
Purchase of intangible assets	(452)	(411)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(12,388)	(1,455)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	210	—
Loan advances	(110)	—
Other, net	(175)	(208)
Net cash provided by (used in) investing activities	(5,865)	2,044
Cash flows from financing activities		
Proceeds from long-term borrowings	27,831	28,543
Repayments of long-term borrowings	(22,412)	(37,507)
Purchase of treasury shares	(6)	(3)
Repayments of lease liabilities	(544)	(478)
Dividends paid	(7,893)	(7,887)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(47)	(31)
Net cash provided by (used in) financing activities	(3,072)	(17,364)
Effect of exchange rate change on cash and cash equivalents	2	6
Net increase (decrease) in cash and cash equivalents	(1,901)	5,123
Cash and cash equivalents at beginning of period	35,373	33,472
Cash and cash equivalents at end of period	33,472	38,596

5. Segment Information

A. Fiscal year ended March 31, 2021 (April 1, 2020–March 31, 2021)

(Million yen)

	Reporting segment			Eliminations	Total
	Pachinko and pachislot machine business	Golf business	Total		
Net sales					
Net sales to external customers	33,292	74,452	107,744	–	107,744
Internal net sales and transfers between segments	–	0	0	(0)	–
Total	33,292	74,452	107,745	(0)	107,744
Segment profit	287	7,624	7,911	(2,600)	5,311
Segment assets	44,118	313,457	357,575	72,494	430,070
Other items					
Depreciation	2,317	6,492	8,810	206	9,016
Increase in tangible fixed assets and intangible assets	1,629	18,662	20,292	23	20,316

B. Fiscal year ended March 31, 2022 (April 1, 2021–March 31, 2022)

(Million yen)

	Reporting segment			Eliminations	Total
	Pachinko and pachislot machine business	Golf business	Total		
Net sales					
Assets transferred at a point in time	36,249	76,817	113,067	–	113,067
Assets transferred over time	–	8,490	8,490	–	8,490
Revenue from contracts with customers	36,249	85,308	121,558	–	121,558
Net sales to external customers	36,249	85,308	121,558	–	121,558
Internal net sales and transfers between segments	–	1	1	(1)	–
Total	36,249	85,309	121,559	(1)	121,558
Segment profit	(607)	13,280	12,672	(2,437)	10,235
Segment assets	38,886	312,537	351,423	65,643	417,066
Other items					
Depreciation	3,054	6,847	9,901	180	10,082
Increase in tangible fixed assets and intangible assets	958	8,570	9,528	26	9,555