

Consolidated Financial Results for the Year Ended March 31, 2024 [J-GAAP]
Heiwa Corporation

May 10, 2024

Stock code: 6412
 URL: <https://www.heiwanet.co.jp/>
 Shares listed: Tokyo Stock Exchange
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Scheduled date of Ordinary General Meeting of Shareholders: June 27, 2024
 Scheduled date of start of dividend payment: June 28, 2024
 Scheduled date of the filing of the annual report: June 27, 2024
 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, 2023 and 2024

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY 3/2023	YoY	FY 3/2024	YoY
	(million yen)	(%)	(million yen)	(%)
(1) Consolidated financial results				
Net sales	142,290	17.1	136,381	(4.2)
Operating income	26,905	162.9	23,430	(12.9)
Ordinary income	26,631	154.4	22,746	(14.6)
Profit attributable to owners of parent	20,685	843.1	16,611	(19.7)
Basic earnings per share (yen)	209.72		168.43	
Diluted earnings per share (yen)	-		-	
Return on equity (ROE) (%)	9.2		7.1	
Ordinary income to total net assets (%)	6.3		5.3	
Operating income to net sales (%)	18.9		17.2	
(2) Consolidated financial position				
Total assets	423,727		428,029	
Net assets	231,005		239,185	
Shareholders' equity ratio (%)	54.5		55.9	
Net assets per share (yen)	2,342.18		2,425.14	
(3) Consolidated cash flows				
Net cash provided by (used in) operating activities	25,585		13,926	
Net cash provided by (used in) investing activities	(15,224)		2,710	
Net cash provided by (used in) financing activities	(14,501)		(11,217)	
Cash and cash equivalents at end of period	34,456		39,874	

(Note) Comprehensive income: Year ended March 31, 2024: ¥16,072 million (26.0%)
 Year ended March 31, 2023: ¥21,716 million — %

(Reference)

Equity in earnings: Year ended March 31, 2024: ¥— million
 Year ended March 31, 2023: ¥— million
 Shareholders' equity: As of March 31, 2024: ¥239,185 million
 As of March 31, 2023: ¥231,005 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>
FY3/2023	-	40.00	-	40.00	80.00	7,890	38.1	3.5
FY3/2024	-	40.00	-	40.00	80.00	7,890	47.5	3.4
FY3/2025 (Forecast)	-	40.00	-	40.00	80.00		39.5	

3. Consolidated Results Forecast for Year Ending March 31, 2025

	FY 3/2025	
	Full year	YoY
	<i>(million yen)</i>	<i>(%)</i>
Net sales	158,200	16.0
Operating income	30,000	28.0
Ordinary income	29,200	28.4
Profit attributable to owners of parent	20,000	20.4
Earnings per share <i>(yen)</i>	202.78	-

(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 Tuesday, May 14, 2024. 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

(Millions yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	36,816	33,865
Notes and accounts receivable - trade	7,421	9,876
Electronically recorded monetary claims - operating	933	1,695
Securities	30,900	23,848
Merchandise and finished goods	2,385	2,223
Raw materials and supplies	11,079	15,302
Other	7,345	10,941
Allowance for doubtful accounts	(259)	(346)
Total current assets	96,622	97,406
Non-current assets		
Property, plant and equipment		
Buildings and structures	115,061	118,417
Accumulated depreciation	(51,140)	(55,297)
Buildings and structures, net	63,920	63,119
Machinery, equipment and vehicles	18,781	21,285
Accumulated depreciation	(11,697)	(13,577)
Machinery, equipment and vehicles, net	7,084	7,707
Tools, furniture and fixtures	22,360	19,664
Accumulated depreciation	(18,932)	(16,479)
Tools, furniture and fixtures, net	3,428	3,184
Land	216,523	218,390
Leased assets	8,930	8,007
Accumulated depreciation	(7,224)	(6,057)
Leased assets, net	1,705	1,949
Construction in progress	1,005	5,282
Total property, plant and equipment	293,667	299,634
Intangible assets		
Goodwill	5,622	5,705
Other	4,151	3,892
Total intangible assets	9,774	9,597
Investments and other assets		
Investment securities	10,834	8,796
Deferred tax assets	8,048	7,944
Other	4,997	4,867
Allowance for doubtful accounts	(217)	(217)
Total investments and other assets	23,662	21,391
Total non-current assets	327,105	330,623
Total assets	423,727	428,029

(Millions yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,891	3,241
Electronically recorded obligations - operating	8,150	7,872
Current portion of long-term borrowings	31,419	10,423
Income taxes payable	3,812	5,751
Provision for bonuses	828	779
Provision for shareholder benefit program	461	401
Provision for loss on disaster	80	61
Other	20,813	22,447
Total current liabilities	69,459	50,978
Non-current liabilities		
Long-term borrowings	75,352	94,276
Deferred tax liabilities	14,860	12,488
Retirement benefit liability	5,540	5,291
Deposits received from members	24,183	22,268
Other	3,325	3,540
Total non-current liabilities	123,262	137,865
Total liabilities	192,721	188,843
Net assets		
Shareholders' equity		
Share capital	16,755	16,755
Capital surplus	54,863	54,864
Retained earnings	159,717	168,438
Treasury shares	(1,354)	(1,356)
Total shareholders' equity	229,982	238,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,166	481
Remeasurements of defined benefit plans	(142)	3
Total accumulated other comprehensive income	1,023	484
Total net assets	231,005	239,185
Total liabilities and net assets	423,727	428,029

2. Consolidated statements of income and comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	142,290	136,381
Cost of sales	92,976	89,585
Gross profit	49,313	46,796
Selling, general and administrative expenses	22,408	23,365
Operating profit	26,905	23,430
Non-operating income		
Interest income	73	63
Dividend income	81	39
Gain on sale of investment securities	12	—
Insurance claim income	243	70
Subsidy income	—	290
Electricity sale income	147	117
Gain on sale of non-current assets	119	1
Other	374	284
Total non-operating income	1,052	866
Non-operating expenses		
Interest expenses	384	393
Commission expenses	266	734
Loss on retirement of non-current assets	282	75
Expenditures related tonatural disaster	148	143
Provision for loss on disaster	80	42
Other	163	161
Total non-operating expenses	1,326	1,551
Ordinary profit	26,631	22,746
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	26,631	22,746
Income taxes - current	6,359	8,147
Income taxes - deferred	(413)	(2,012)
Total income taxes	5,946	6,134
Profit	20,685	16,611
Profit attributable to		
Profit attributable to owners of parent	20,685	16,611
Other comprehensive income		
Valuation difference on available-for-sale securities	1,124	(684)
Remeasurements of defined benefit plans, net of tax	(93)	145
Total other comprehensive income	1,031	(538)
Comprehensive income	21,716	16,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,716	16,072

3. Consolidated statement of change in net assets

Fiscal year ended March 31, 2023 (April 1, 2022-March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,755	54,863	146,922	(1,346)	217,194
Changes during period					
Dividends of surplus			(7,890)		(7,890)
Profit attributable to owners of parent			20,685		20,685
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	—	0	12,794	(7)	12,787
Balance at end of period	16,755	54,863	159,717	(1,354)	229,982

	Accumulated other comprehensive income			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	41	(49)	(7)	217,186
Changes during period				
Dividends of surplus				(7,890)
Profit attributable to owners of parent				20,685
Purchase of treasury shares				(7)
Disposal of treasury shares				0
Net changes in items other than shareholders' equity	1,124	(93)	1,031	1,031
Total changes during period	1,124	(93)	1,031	13,819
Balance at end of period	1,166	(142)	1,023	231,005

Fiscal year ended March 31, 2024 (April 1, 2023-March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,755	54,863	159,717	(1,354)	229,982
Changes during period					
Dividends of surplus			(7,890)		(7,890)
Profit attributable to owners of parent			16,611		16,611
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	—	0	8,721	(2)	8,719
Balance at end of period	16,755	54,864	168,438	(1,356)	238,701

	Accumulated other comprehensive income			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	1,166	(142)	1,023	231,005
Changes during period				
Dividends of surplus				(7,890)
Profit attributable to owners of parent				16,611
Purchase of treasury shares				(2)
Disposal of treasury shares				0
Net changes in items other than shareholders' equity	(684)	145	(538)	(538)
Total changes during period	(684)	145	(538)	8,180
Balance at end of period	481	3	484	239,185

4. Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	26,631	22,746
Depreciation	8,801	9,004
Increase (decrease) in allowance for doubtful accounts	(92)	86
Increase (decrease) in provision for bonuses	288	(53)
Increase (decrease) in provision for shareholder benefit program	138	(60)
Increase (decrease) in retirement benefit liability	126	(45)
Interest income	(73)	(63)
Dividend income	(81)	(39)
Interest expenses	384	393
Foreign exchange losses (gains)	(0)	(0)
Loss (gain) on sale of investment securities	(12)	0
Loss (gain) on sale of non-current assets	(93)	(1)
Loss on retirement of non-current assets	282	75
Loss (gain) on investments in investment partnerships	(14)	13
Decrease (increase) in trade receivables	149	(3,381)
Decrease (increase) in advance payments to suppliers	(22)	(1,570)
Decrease (increase) in advance payments - other	(137)	(353)
Decrease (increase) in consumption taxes refund receivable	165	(1,239)
Decrease (increase) in inventories	(3,750)	(4,060)
Increase (decrease) in trade payables	987	(798)
Increase (decrease) in accounts payable - other	(345)	992
Increase (decrease) in accrued consumption taxes	361	(453)
Increase (decrease) in advances received	857	36
Increase (decrease) in deposits received from members	(1,380)	(1,649)
Other, net	729	1,144
Subtotal	33,901	20,722
Interest and dividends received	149	106
Interest paid	(382)	(388)
Income taxes paid	(6,338)	(6,531)
Income taxes refund	262	17
Extra retirement payments	(2,006)	—
Net cash provided by (used in) operating activities	25,585	13,926

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(35,300)	(10,420)
Proceeds from withdrawal of time deposits	33,750	21,190
Purchase of short-term and long-term investment securities	(70,233)	(59,865)
Proceeds from sale and redemption of short-term and long-term investment securities	66,033	65,554
Purchase of property, plant and equipment	(7,682)	(11,258)
Proceeds from sale of property, plant and equipment	233	3
Purchase of intangible assets	(71)	(137)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,900)	(1,822)
Loan advances	—	(514)
Other, net	(52)	(20)
Net cash provided by (used in) investing activities	(15,224)	2,710
Cash flows from financing activities		
Proceeds from long-term borrowings	23,483	28,773
Repayments of long-term borrowings	(29,575)	(31,551)
Purchase of treasury shares	(7)	(2)
Repayments of lease liabilities	(486)	(541)
Dividends paid	(7,892)	(7,891)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(24)	(3)
Net cash provided by (used in) financing activities	(14,501)	(11,217)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(4,139)	5,418
Cash and cash equivalents at beginning of period	38,596	34,456
Cash and cash equivalents at end of period	34,456	39,874

5. Segment Information

A. Fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

(Million yen)

	Reporting segment			Eliminations	Total
	Pachinko and pachislot machine business	Golf business	Total		
Net sales					
Assets transferred at a point in time	50,678	82,919	133,598	–	133,598
Assets transferred over time	–	8,692	8,692	–	8,692
Revenue from contracts with customers	50,678	91,611	142,290	–	142,290
Net sales to external customers	50,678	91,611	142,290	–	142,290
Internal net sales and transfers between segments	–	2	2	(2)	–
Total	50,678	91,613	142,292	(2)	142,290
Segment profit	15,155	14,582	29,738	(2,833)	26,905
Segment assets	40,759	315,127	355,887	67,840	423,727
Other items					
Depreciation	1,482	7,148	8,630	170	8,801
Increase in tangible fixed assets and intangible assets	918	9,186	10,105	199	10,304

B. Fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

(Million yen)

	Reporting segment			Eliminations	Total
	Pachinko and pachislot machine business	Golf business	Total		
Net sales					
Assets transferred at a point in time	40,156	86,386	126,543	–	126,543
Assets transferred over time	–	9,838	9,838	–	9,838
Revenue from contracts with customers	40,156	96,225	136,381	–	136,381
Net sales to external customers	40,156	96,225	136,381	–	136,381
Internal net sales and transfers between segments	–	2	2	(2)	–
Total	40,156	96,227	136,383	(2)	136,381
Segment profit	6,917	19,250	26,167	(2,736)	23,430
Segment assets	49,432	320,258	369,690	58,339	428,029
Other items					
Depreciation	1,235	7,603	8,839	164	9,004
Increase in tangible fixed assets and intangible assets	895	14,376	15,272	32	15,304