Consolidated Financial Results for the Second Quarter Ended September 30, 2020 [J-GAAP]
Heiwa Corporation

November 10, 2020

Stock code: 6412
URL: https://www.heiwanet.co.jp/
Shares listed: Tokyo Stock Exchange
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Scheduled date of the filing of the quarterly report: November 11, 2020
Preparation of supplementary briefing materials for the quarterly financial results: Yes
Holding of any briefing session for the quarterly financial results: Yes
(for institutional investors and securities analysts)

I. Financial Highlights

As of and for the six months ended September 30, 2019 and 2020

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	Six months ended September 30, 2019	YoY	Six months ended September 30, 2020	YoY
	(million yen)	*(%)*	*(million yen)*	*(%)*
(1) Consolidated financial results				
Net sales	73,911	(7.9)	37,781	(48.9)
Operating income	13,550	(34.7)	(4,680)	-
Ordinary income	13,532	(33.5)	(4,694)	-
Profit attributable to owners of parent	9,407	(30.3)	(6,179)	-
Earnings per share *(yen)*	95.37		(62.65)	
Diluted earnings per share *(yen)*	-		-	

(Note) Comprehensive income: Six months ended September 30, 2020: (¥ 5,800) million, -% YoY
Six months ended September 30, 2019: ¥ 9,543 million, (29.3%) YoY

	As of March 31, 2020	As of September 30, 2020
	(million yen)	
(2) Consolidated financial position		
Total assets	436,762	414,356
Net assets	232,575	222,827
Shareholders' equity ratio (%)	53.2	53.8
Net assets per share *(yen)*	2,357.91	2,259.10

(Reference) Shareholders' equity: As of September 30, 2020: ¥222,827 million
As of March 31, 2020: ¥232,575 million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
			(yen)		
FY3/2020	—	40.00	—	40.00	80.00
FY3/2021	—	40.00			
FY3/2021 (Forecast)			—	—	—

(Note) Revision of the most recently disclosed dividend forecast: None
Dividends for year-end of the fiscal year ending March 31, 2021 are not yet decided.

3. Consolidated Results Forecast for Year Ending March 31, 2021

	FY 3/2021	
	Full year	**YoY**
	(million yen)	***(%)***
Net sales	124,800	(13.7)
Operating income	6,900	(70.7)
Ordinary income	6,300	(72.9)
Profit attributable to owners of parent	1,000	(93.7)
Earnings per share *(yen)*	10.14	

(Notes)
1. Revision of the most recently disclosed consolidated results forecast: None
2. The Group conducts performance management on an annual basis, so only full-year consolidated forecasts is released.

* This quarterly statement of financial results is not subject to quarterly review procedures.

* Explanations about the appropriate use of the consolidated results forecasts and other noteworthy points:
1. Forward-looking statements in this document, such as the consolidated financial results outlook, are based on information currently available to the Company and certain assumptions deemed reasonable. The Company does not guarantee the accuracy of these forecasts. Furthermore, actual results, etc. 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 Friday, November 13, 2020. 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, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	36,208	28,261
Notes and accounts receivable - trade	12,489	5,222
Electronically recorded monetary claims - operating	1,151	2
Securities	47,087	38,106
Merchandise and finished goods	1,982	3,661
Raw materials and supplies	5,464	9,312
Other	9,543	9,802
Allowance for doubtful accounts	(341)	(339)
Total current assets	113,587	94,029
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,754	63,794
Land	208,567	205,605
Other, net	14,677	15,495
Total property, plant and equipment	287,998	284,895
Intangible assets		
Goodwill	4,685	4,550
Other	4,529	4,510
Total intangible assets	9,214	9,060
Investments and other assets		
Investment securities	12,689	11,111
Other	13,800	15,787
Allowance for doubtful accounts	(528)	(528)
Total investments and other assets	25,961	26,370
Total non-current assets	323,174	320,327
Total assets	436,762	414,356
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,896	3,329
Electronically recorded obligations - operating	7,846	3,982
Current portion of long-term borrowings	22,078	17,390
Income taxes payable	4,069	729
Provisions	3,344	1,649
Other	13,847	9,999
Total current liabilities	56,083	37,079
Non-current liabilities		
Long-term borrowings	93,756	100,755
Retirement benefit liability	5,166	5,317
Other	49,181	48,375
Total non-current liabilities	148,103	154,448
Total liabilities	204,186	191,528

(Million yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	16,755	16,755
Capital surplus	54,863	54,863
Retained earnings	162,620	152,494
Treasury shares	(1,337)	(1,339)
Total shareholders' equity	232,900	222,773
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(158)	173
Remeasurements of defined benefit plans	(166)	(119)
Total accumulated other comprehensive income	(325)	54
Non-controlling interests	0	—
Total net assets	232,575	222,827
Total liabilities and net assets	436,762	414,356

2. Consolidated statements of income and comprehensive income

(Million yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	73,911	37,781
Cost of sales	43,662	31,285
Gross profit	30,249	6,495
Selling, general and administrative expenses	16,698	11,176
Operating profit (loss)	13,550	(4,680)
Non-operating income		
Interest income	90	88
Dividend income	20	20
Insurance claim income	84	16
Subsidy income	—	315
Electricity sale income	90	88
Other	176	160
Total non-operating income	462	690
Non-operating expenses		
Interest expenses	212	195
Loss on redemption of securities	—	59
Commission expenses	9	271
Expenditures related tonatural disaster	132	39
Provision for loss on disaster	23	27
Other	102	112
Total non-operating expenses	479	704
Ordinary profit (loss)	13,532	(4,694)
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	752	—
Total extraordinary income	752	—
Extraordinary losses		
Impairment loss	—	3,048
Total extraordinary losses	—	3,048
Profit (loss) before income taxes	14,285	(7,743)
Income taxes	4,877	(1,563)
Profit (loss)	9,407	(6,179)
Profit attributable to		
Profit (loss) attributable to owners of parent	9,407	(6,179)
Profit attributable to non-controlling interests	0	—
Other comprehensive income		
Valuation difference on available-for-sale securities	103	332
Remeasurements of defined benefit plans, net of tax	32	47
Total other comprehensive income	135	379
Comprehensive income	9,543	(5,800)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,543	(5,800)
Comprehensive income attributable to non-controlling interests	0	—

3. Segment Information

A. Previous consolidated cumulative Second quarter under review (April 1, 2019 to September 30, 2019)

(Million yen)

	Reporting segment			Adjustments	Amount recorded in quarterly consolidated statements of income and consolidated statements of comprehensive income
	Pachinko and pachislot machine business	Golf business	Total		
Net sales					
Net sales to external customers	29,568	44,342	73,911	-	73,911
Internal net sales and transfers between segments	-	4	4	(4)	-
Total	29,568	44,347	73,916	(4)	73,911
Segment profit(loss)	7,946	7,194	15,141	(1,590)	13,550

B. Consolidated cumulative Second quarter under review (April 1, 2020 to September 30, 2020)

(Million yen)

	Reporting segment			Adjustments	Amount recorded in quarterly consolidated statements of income and consolidated statements of comprehensive income
	Pachinko and pachislot machine business	Golf business	Total		
Net sales					
Net sales to external customers	2,893	34,888	37,781	-	37,781
Internal net sales and transfers between segments	-	0	0	(0)	-
Total	2,893	34,888	37,781	(0)	37,781
Segment profit(loss)	(5,795)	2,460	(3,334)	(1,346)	(4,680)