

Consolidated Financial Results for the Year Ended March 31, 2021 [J-GAAP]

Heiwa Corporation

May 13, 2021

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 29, 2021
 Scheduled date of start of dividend payment: June 30, 2021
 Scheduled date of the filing of the annual report: June 29, 2021
 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, 2020 and 2021

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY 3/2020	YoY	FY 3/2021	YoY
	(million yen)	(%)	(million yen)	(%)
(1) Consolidated financial results				
Net sales	144,573	(0.3)	107,744	(25.5)
Operating income	23,551	(15.9)	5,311	(77.4)
Ordinary income	23,278	(15.2)	5,799	(75.1)
Profit attributable to owners of parent	15,872	(2.9)	865	(94.5)
Basic earnings per share (yen)	160.92		8.77	
Diluted earnings per share (yen)	—		—	
Return on equity (ROE) (%)	6.9		0.4	
Ordinary income to total net assets (%)	5.3		1.3	
Operating income to net sales (%)	16.3		4.9	
(2) Consolidated financial position				
Total assets	436,762		430,070	
Net assets	232,575		226,242	
Shareholders' equity ratio (%)	53.2		52.6	
Net assets per share (yen)	2,357.91		2,293.78	
(3) Consolidated cash flows				
Net cash provided by (used in) operating activities	12,576		7,033	
Net cash provided by (used in) investing activities	7,700		(5,865)	
Net cash provided by (used in) financing activities	(13,630)		(3,072)	
Cash and cash equivalents at end of period	35,373		33,472	

(Note) Comprehensive income: Year ended March 31, 2021: ¥1,563 million (89.9%)
 Year ended March 31, 2020: ¥15,419 million (4.8%)

(Reference)

Equity in earnings: Year ended March 31, 2021: ¥— million
 Year ended March 31, 2020: ¥— million
 Shareholders' equity: As of March 31, 2021: ¥226,242 million
 As of March 31, 2020: ¥232,575 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)
	(yen)					(million yen)	(%)	(%)
FY3/2020	—	40.00	—	40.00	80.00	7,890	49.7	3.4
FY3/2021	—	40.00	—	40.00	80.00	7,890	912.1	3.4
FY3/2022 (Forecast)	—	40.00	—	40.00	80.00		56.8	

3. Consolidated Results Forecast for Year Ending March 31, 2022

	FY 3/2022	
	Full year	YoY
	(million yen)	(%)
Net sales	150,700	39.9
Operating income	22,300	319.8
Ordinary income	21,400	269.0
Profit attributable to owners of parent	13,900	—
Earnings per share (yen)	140.93	—

(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 Friday, May 14, 2021. 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 March 31, 2021
Assets		
Current assets		
Cash and deposits	36,208	40,307
Notes and accounts receivable - trade	12,489	8,271
Electronically recorded monetary claims - operating	1,151	1,004
Securities	47,087	29,776
Merchandise and finished goods	1,982	2,125
Raw materials and supplies	5,464	7,811
Other	9,543	12,190
Allowance for doubtful accounts	(341)	(302)
Total current assets	113,587	101,184
Non-current assets		
Property, plant and equipment		
Buildings and structures	103,899	108,209
Accumulated depreciation	(39,145)	(42,982)
Buildings and structures, net	64,754	65,226
Machinery, equipment and vehicles	13,307	14,500
Accumulated depreciation	(7,983)	(9,042)
Machinery, equipment and vehicles, net	5,324	5,458
Tools, furniture and fixtures	25,069	23,803
Accumulated depreciation	(18,641)	(17,527)
Tools, furniture and fixtures, net	6,428	6,275
Land	208,567	214,535
Leased assets	9,529	8,964
Accumulated depreciation	(7,642)	(7,391)
Leased assets, net	1,887	1,572
Construction in progress	1,036	361
Total property, plant and equipment	287,998	293,431
Intangible assets		
Goodwill	4,685	5,947
Other	4,529	4,569
Total intangible assets	9,214	10,516
Investments and other assets		
Investment securities	12,689	10,975
Long-term loans receivable	7	2
Deferred tax assets	8,746	9,106
Other	5,046	5,378
Allowance for doubtful accounts	(528)	(525)
Total investments and other assets	25,961	24,938
Total non-current assets	323,174	328,886
Total assets	436,762	430,070

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,896	3,954
Electronically recorded obligations - operating	7,846	6,786
Current portion of long-term borrowings	22,078	37,301
Income taxes payable	4,069	2,206
Provision for bonuses	950	587
Provision for shareholder benefit program	2,344	577
Provision for loss on disaster	50	178
Other	13,847	15,272
Total current liabilities	56,083	66,864
Non-current liabilities		
Long-term borrowings	93,756	84,153
Deferred tax liabilities	17,764	16,696
Retirement benefit liability	5,166	5,318
Deposits received from members	27,931	27,526
Other	3,485	3,269
Total non-current liabilities	148,103	136,963
Total liabilities	204,186	203,827
Net assets		
Shareholders' equity		
Share capital	16,755	16,755
Capital surplus	54,863	54,863
Retained earnings	162,620	155,594
Treasury shares	(1,337)	(1,343)
Total shareholders' equity	232,900	225,869
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(158)	373
Remeasurements of defined benefit plans	(166)	(0)
Total accumulated other comprehensive income	(325)	373
Non-controlling interests	0	—
Total net assets	232,575	226,242
Total liabilities and net assets	436,762	430,070

2. Consolidated statements of income and comprehensive income

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	144,573	107,744
Cost of sales	88,261	78,709
Gross profit	56,312	29,035
Selling, general and administrative expenses	32,760	23,723
Operating profit	23,551	5,311
Non-operating income		
Interest income	180	163
Dividend income	47	40
Gain on redemption of securities	—	419
Insurance claim income	97	216
Subsidy income	44	467
Electricity sale income	152	153
Other	329	524
Total non-operating income	851	1,986
Non-operating expenses		
Interest expenses	412	401
Loss on redemption of securities	—	59
Commission expenses	44	402
Loss on retirement of non-current assets	65	189
Expenditures related tonatural disaster	418	116
Provision for loss on disaster	26	178
Other	157	151
Total non-operating expenses	1,124	1,498
Ordinary profit	23,278	5,799
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	752	—
Total extraordinary income	752	—
Extraordinary losses		
Impairment losses	—	3,769
Total extraordinary losses	—	3,769
Profit before income taxes	24,030	2,029
Income taxes - current	8,604	2,714
Income taxes - deferred	(446)	(1,549)
Total income taxes	8,157	1,164
Profit	15,872	865
Profit attributable to		
Profit attributable to owners of parent	15,872	865
Profit attributable to non-controlling interests	0	—
Other comprehensive income		
Valuation difference on available-for-sale securities	(440)	532
Remeasurements of defined benefit plans, net of tax	(12)	166
Total other comprehensive income	(453)	698
Comprehensive income	15,419	1,563
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,419	1,563
Comprehensive income attributable to non-controlling interests	0	—

3. Consolidated statement of change in net assets

Fiscal year ended March 31, 2020 (April 1, 2019-March 31, 2020)

(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	154,638	(1,332)	224,924
Changes of items during period					
Dividends of surplus			(7,891)		(7,891)
Profit attributable to owners of parent			15,872		15,872
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	7,981	(5)	7,976
Balance at end of current period	16,755	54,863	162,620	(1,337)	232,900

	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	282	(154)	127	0	225,052
Changes of items during period					
Dividends of surplus					(7,891)
Profit attributable to owners of parent					15,872
Purchase of treasury shares					(5)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	(440)	(12)	(453)	—	(453)
Total changes of items during period	(440)	(12)	(453)	—	7,523
Balance at end of current period	(158)	(166)	(325)	0	232,575

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

4. Consolidated statements of cash flows

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	24,030	2,029
Depreciation	8,745	9,016
Increase (decrease) in allowance for doubtful accounts	(138)	(42)
Increase (decrease) in provision for bonuses	(260)	(369)
Increase (decrease) in provision for bonuses for directors (and other officers)	(63)	—
Increase (decrease) in provision for shareholder benefit program	337	(1,766)
Increase (decrease) in retirement benefit liability	254	303
Interest income	(180)	(163)
Dividend income	(47)	(40)
Interest expenses	412	401
Foreign exchange losses (gains)	3	(2)
Loss (gain) on sale of shares of subsidiaries and associates	(752)	—
Loss (gain) on redemption of securities	—	(360)
Loss (gain) on investments in investment partnerships	2	(105)
Impairment losses	—	3,769
Decrease (increase) in trade receivables	(3,567)	4,195
Decrease (increase) in advance payments to suppliers	(111)	54
Decrease (increase) in advance payments - other	868	143
Decrease (increase) in consumption taxes refund receivable	(299)	(911)
Decrease (increase) in inventories	1,151	(2,467)
Increase (decrease) in trade payables	1,020	(999)
Increase (decrease) in accounts payable - other	(2,607)	(156)
Increase (decrease) in accrued consumption taxes	(843)	2,035
Increase (decrease) in advances received	(40)	68
Increase (decrease) in deposits received from members	(1,751)	(1,555)
Other, net	292	243
Subtotal	26,454	13,319
Interest and dividends received	237	217
Interest paid	(414)	(395)
Income taxes paid	(13,712)	(6,120)
Income taxes refund	12	14
Net cash provided by (used in) operating activities	12,576	7,033

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Payments into time deposits	(29,090)	(29,760)
Proceeds from withdrawal of time deposits	35,880	27,500
Purchase of short-term and long-term investment securities	(92,024)	(44,337)
Proceeds from sale and redemption of short-term and long-term investment securities	102,052	60,896
Purchase of property, plant and equipment	(8,062)	(7,345)
Proceeds from sale of property, plant and equipment	19	97
Purchase of intangible assets	(397)	(452)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,276)	(12,388)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	500	210
Loan advances	(40)	(110)
Other, net	139	(175)
Net cash provided by (used in) investing activities	7,700	(5,865)
Cash flows from financing activities		
Proceeds from long-term borrowings	8,087	27,831
Repayments of long-term borrowings	(13,022)	(22,412)
Purchase of treasury shares	(5)	(6)
Repayments of lease obligations	(792)	(544)
Dividends paid	(7,893)	(7,893)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(3)	(47)
Net cash provided by (used in) financing activities	(13,630)	(3,072)
Effect of exchange rate change on cash and cash equivalents	(3)	2
Net increase (decrease) in cash and cash equivalents	6,643	(1,901)
Cash and cash equivalents at beginning of period	28,729	35,373
Cash and cash equivalents at end of period	35,373	33,472

5. Segment Information

A. Fiscal year ended March 31, 2020 (April 1, 2019–March 31, 2020)

(Million yen)

	Reporting segment			Eliminations	Total
	Pachinko and pachislot machine business	Golf business	Total		
Net sales					
Net sales to external customers	61,658	82,914	144,573	-	144,573
Internal net sales and transfers between segments	-	4	4	(4)	-
Total	61,658	82,919	144,578	(4)	144,573
Segment profit	17,450	9,286	26,737	(3,185)	23,551
Segment assets	46,910	300,493	347,404	89,358	436,762
Other items					
Depreciation	1,742	6,751	8,493	251	8,745
Increase in tangible fixed assets and intangible assets	3,521	8,071	11,593	56	11,649

B. 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