

Consolidated Financial Results for the First Quarter Ended June 30, 2024 [J-GAAP]

Heiwa Corporation

August 8, 2024

Stock code: 6412
 URL: <https://www.heimanet.co.jp/>
 Shares listed: Tokyo Stock Exchange
 Representative: Katsuya Minei, Representative Director and President
 Contact: Takashi Koiwai, General Manager of Management Planning Group
 TEL: +81-3-3839-0701

Scheduled date of the filing of the quarterly report: August 8, 2024

Preparation of supplementary briefing materials for the quarterly financial results: Yes

Holding of any briefing session for the quarterly financial results: No

I. Financial Highlights

As of and for the three months ended June 30, 2023 and 2024

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	Three months ended June 30, 2023	YoY	Three months ended June 30, 2024	YoY
	(million yen)	(%)	(million yen)	(%)
(1) Consolidated financial results				
Net sales	34,942	0.6	35,586	1.8
Operating income	7,491	(4.6)	8,654	15.5
Ordinary income	7,436	(5.0)	8,725	17.3
Profit attributable to owners of parent	4,943	(7.7)	5,628	13.8
Earnings per share (yen)	50.13		57.07	
Diluted earnings per share (yen)	—		—	

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 5,490 million, 6.8% YoY
 Three months ended June 30, 2023: ¥ 5,142 million, (0.1%) YoY

	As of March 31, 2024	As of June 30, 2024
	(million yen)	
(2) Consolidated financial position		
Total assets	428,029	420,226
Net assets	239,185	240,730
Shareholders' equity ratio (%)	55.9	57.3
Net assets per share (yen)	2,425.14	2,440.81

(Reference) Shareholders' equity: As of June 30, 2024: ¥240,730 million
 As of March 31, 2024: ¥239,185 million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	(yen)				
FY3/2024	—	40.00	—	40.00	80.00
FY3/2025	—				
FY3/2025 (Forecast)			40.00	—	40.00

(Note) Revision of the most recently disclosed dividend forecast: None

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

	FY 3/2025	
	Full year (million yen)	YoY (%)
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 (yen)	202.78	—

(Note)

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. Supplementary briefing materials for the quarterly financial results will be posted on the Company's homepage after this financial results is released.

II. Consolidated financial statements

1. Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	33,865	24,956
Notes and accounts receivable - trade	9,876	9,134
Electronically recorded monetary claims – operating	1,695	1,665
Securities	23,848	22,398
Merchandise and finished goods	2,223	1,865
Raw materials and supplies	15,302	16,488
Other	10,941	11,211
Allowance for doubtful accounts	(346)	(351)
Total current assets	97,406	87,368
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	63,119	62,699
Land	218,390	218,470
Other, net	18,124	21,273
Total property, plant and equipment	299,634	302,443
Intangible assets		
Goodwill	5,705	5,607
Other	3,892	3,816
Total intangible assets	9,597	9,424
Investments and other assets		
Investment securities	8,796	8,593
Other	12,812	12,612
Allowance for doubtful accounts	(217)	(217)
Total investments and other assets	21,391	20,988
Total non-current assets	330,623	332,857
Total assets	428,029	420,226
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,241	2,052
Electronically recorded obligations – operating	7,872	6,958
Current portion of long-term borrowings	10,423	10,288
Income taxes payable	5,751	1,907
Provisions	1,242	514
Other	22,447	20,307
Total current liabilities	50,978	42,028
Non-current liabilities		
Long-term borrowings	94,276	92,917
Retirement benefit liability	5,291	5,287
Other	38,296	39,261
Total non-current liabilities	137,865	137,466
Total liabilities	188,843	179,495

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	16,755	16,755
Capital surplus	54,864	54,864
Retained earnings	168,438	170,121
Treasury shares	(1,356)	(1,356)
Total shareholders' equity	238,701	240,384
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	481	340
Remeasurements of defined benefit plans	3	5
Total accumulated other comprehensive income	484	346
Total net assets	239,185	240,730
Total liabilities and net assets	428,029	420,226

2. Consolidated statements of income and comprehensive income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	34,942	35,586
Cost of sales	22,427	21,759
Gross profit	12,515	13,827
Selling, general and administrative expenses	5,024	5,173
Operating profit	7,491	8,654
Non-operating income		
Interest income	21	17
Dividend income	16	29
Insurance claim income	2	121
Electricity sale income	38	35
Gain on sale of non-current assets	0	70
Other	57	62
Total non-operating income	136	336
Non-operating expenses		
Interest expenses	97	133
Commission expenses	7	13
Loss on retirement of non-current assets	4	12
Provision for loss on disaster	27	71
Other	54	32
Total non-operating expenses	191	264
Ordinary profit	7,436	8,725
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	7,436	8,725
Income taxes	2,492	3,097
Profit	4,943	5,628
Profit attributable to		
Profit attributable to owners of parent	4,943	5,628
Other comprehensive income		
Valuation difference on available-for-sale securities	189	(141)
Remeasurements of defined benefit plans, net of tax	9	2
Total other comprehensive income	198	(138)
Comprehensive income	5,142	5,490
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,142	5,490

3. Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	7,436	8,725
Depreciation	2,141	2,180
Increase (decrease) in allowance for doubtful accounts	4	4
Increase (decrease) in provision for bonuses	(718)	(661)
Increase (decrease) in retirement benefit liability	5	0
Interest and dividend income	(37)	(46)
Interest expenses	97	133
Foreign exchange losses (gains)	(0)	(0)
Loss (gain) on sale of non-current assets	(0)	(70)
Loss on retirement of non-current assets	4	12
Decrease (increase) in advance payments to suppliers	160	128
Decrease (increase) in consumption taxes refund receivable	(1)	(7)
Decrease (increase) in trade receivables	1,154	767
Decrease (increase) in inventories	(730)	(828)
Increase (decrease) in trade payables	(1,249)	(2,312)
Increase (decrease) in accounts payable - other	(1,102)	(897)
Increase (decrease) in accrued consumption taxes	(2)	639
Increase (decrease) in advances received	(1,131)	(1,251)
Other, net	327	(147)
Subtotal	6,358	6,370
Interest and dividends received	34	48
Interest paid	(97)	(121)
Income taxes paid	(3,562)	(5,688)
Income taxes refund	2	—
Net cash provided by (used in) operating activities	2,734	608
Cash flows from investing activities		
Payments into time deposits	(6,630)	(4,000)
Proceeds from withdrawal of time deposits	10,640	1,880
Purchase of short-term and long-term investment securities	(17,648)	(15,498)
Proceeds from sale and redemption of short-term and long-term investment securities	20,648	15,497
Purchase of property, plant and equipment	(2,435)	(5,616)
Proceeds from sale of property, plant and equipment	1	70
Purchase of intangible assets	(26)	(28)
Other, net	(8)	22
Net cash provided by (used in) investing activities	4,541	(7,672)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,567)	(1,494)
Purchase of treasury shares	(1)	(0)
Dividends paid	(3,776)	(3,778)
Other, net	(131)	(148)
Net cash provided by (used in) financing activities	(5,477)	(5,422)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	1,798	(12,485)
Cash and cash equivalents at beginning of period	34,456	39,874
Cash and cash equivalents at end of period	36,255	27,389

4. Segment Information

A. Previous consolidated cumulative first quarter (April 1, 2023 to June 30, 2023)

(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					
Assets transferred at a point in time	9,304	23,246	32,550	—	32,550
Assets transferred over time	—	2,392	2,392	—	2,392
Revenue from contracts with customers	9,304	25,638	34,942	—	34,942
Net sales to external customers	9,304	25,638	34,942	—	34,942
Internal net sales and transfers between segments		0	0	(0)	—
Total	9,304	25,639	34,943	(0)	34,942
Segment profit	1,519	6,655	8,174	(683)	7,491

B. Consolidated cumulative first quarter under review (April 1, 2024 to June 30, 2024)

(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					
Assets transferred at a point in time	8,608	24,468	33,077	—	33,077
Assets transferred over time	—	2,509	2,509	—	2,509
Revenue from contracts with customers	8,608	26,977	35,586	—	35,586
Net sales to external customers	8,608	26,977	35,586	—	35,586
Internal net sales and transfers between segments	—	0	0	(0)	—
Total	8,608	26,978	35,587	(0)	35,586
Segment profit	2,272	7,082	9,354	(700)	8,654