

Consolidated Financial Results for the Year Ended March 31, 2023 [J-GAAP]

Heiwa Corporation

May 12, 2023

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, 2023
 Scheduled date of start of dividend payment: June 30, 2023
 Scheduled date of the filing of the annual report: June 29, 2023
 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, 2022 and 2023

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	FY 3/2022	YoY	FY 3/2023	YoY
	(million yen)	(%)	(million yen)	(%)
(1) Consolidated financial results				
Net sales	121,558	12.8	142,290	17.1
Operating income	10,235	92.7	26,905	162.9
Ordinary income	10,467	80.5	26,631	154.4
Profit attributable to owners of parent	2,193	153.5	20,685	843.1
Basic earnings per share (yen)	22.24		209.72	
Diluted earnings per share (yen)	—		—	
Return on equity (ROE) (%)	1.0		9.2	
Ordinary income to total net assets (%)	2.5		6.3	
Operating income to net sales (%)	8.4		18.9	
(2) Consolidated financial position				
Total assets	417,066		423,727	
Net assets	217,186		231,005	
Shareholders' equity ratio (%)	52.1		54.5	
Net assets per share (yen)	2,202.00		2342.18	
(3) Consolidated cash flows				
Net cash provided by (used in) operating activities	20,436		25,585	
Net cash provided by (used in) investing activities	2,044		(15,224)	
Net cash provided by (used in) financing activities	(17,364)		(14,501)	
Cash and cash equivalents at end of period	38,596		34,456	

(Note) Comprehensive income: Year ended March 31, 2023: ¥21,716 million —%
 Year ended March 31, 2022: ¥1,812 million (15.9%)

(Reference)

Equity in earnings: Year ended March 31, 2023: ¥— million
 Year ended March 31, 2022: ¥— million
 Shareholders' equity: As of March 31, 2023: ¥231,005 million
 As of March 31, 2022: ¥217,186 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)	(%)	(%)
FY3/2022	–	40.00	–	40.00	80.00	7,890	359.7	3.6
FY3/2023	–	40.00	–	40.00	80.00	7,890	38.1	3.5
FY3/2024 (Forecast)	–	40.00	–	40.00	80.00		37.6	

3. Consolidated Results Forecast for Year Ending March 31, 2024

	FY 3/2024	
	Full year	YoY
	(million yen)	(%)
Net sales	154,600	8.7
Operating income	30,000	11.5
Ordinary income	28,700	7.8
Profit attributable to owners of parent	21,000	1.5
Earnings per share (yen)	212.92	–

(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 Thursday, May 18, 2023. 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	42,250	36,816
Notes and accounts receivable - trade	7,561	7,421
Electronically recorded monetary claims - operating	1,080	933
Securities	24,801	30,900
Merchandise and finished goods	2,365	2,385
Raw materials and supplies	7,345	11,079
Other	7,696	7,345
Allowance for doubtful accounts	(272)	(259)
Total current assets	92,828	96,622
Non-current assets		
Property, plant and equipment		
Buildings and structures	111,638	115,061
Accumulated depreciation	(46,826)	(51,140)
Buildings and structures, net	64,811	63,920
Machinery, equipment and vehicles	16,506	18,781
Accumulated depreciation	(10,137)	(11,697)
Machinery, equipment and vehicles, net	6,368	7,084
Tools, furniture and fixtures	22,428	22,360
Accumulated depreciation	(18,344)	(18,932)
Tools, furniture and fixtures, net	4,084	3,428
Land	215,307	216,523
Leased assets	9,112	8,930
Accumulated depreciation	(7,490)	(7,224)
Leased assets, net	1,622	1,705
Construction in progress	257	1,005
Total property, plant and equipment	292,451	293,667
Intangible assets		
Goodwill	5,748	5,622
Other	4,493	4,151
Total intangible assets	10,242	9,774
Investments and other assets		
Investment securities	8,238	10,834
Deferred tax assets	8,422	8,048
Other	5,179	4,997
Allowance for doubtful accounts	(296)	(217)
Total investments and other assets	21,543	23,662
Total non-current assets	324,238	327,105
Total assets	417,066	423,727

(Millions yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,704	3,891
Electronically recorded obligations - operating	7,224	8,150
Current portion of long-term borrowings	29,543	31,419
Income taxes payable	3,639	3,812
Provision for bonuses	540	828
Provision for shareholder benefit program	323	461
Provision for loss on disaster	28	80
Other	22,252	20,813
Total current liabilities	67,257	69,459
Non-current liabilities		
Long-term borrowings	83,103	75,352
Deferred tax liabilities	15,212	14,860
Retirement benefit liability	5,278	5,540
Deposits received from members	25,848	24,183
Other	3,179	3,325
Total non-current liabilities	132,622	123,262
Total liabilities	199,880	192,721
Net assets		
Shareholders' equity		
Share capital	16,755	16,755
Capital surplus	54,863	54,863
Retained earnings	146,922	159,717
Treasury shares	(1,346)	(1,354)
Total shareholders' equity	217,194	229,982
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41	1,166
Remeasurements of defined benefit plans	(49)	(142)
Total accumulated other comprehensive income	(7)	1,023
Total net assets	217,186	231,005
Total liabilities and net assets	417,066	423,727

2. Consolidated statements of income and comprehensive income

(Millions yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	121,558	142,290
Cost of sales	88,159	92,976
Gross profit	33,399	49,313
Selling, general and administrative expenses	23,163	22,408
Operating profit	10,235	26,905
Non-operating income		
Interest income	100	73
Dividend income	46	81
Gain on sale of investment securities	198	12
Insurance claim income	81	243
Electricity sale income	133	147
Gain on sale of non-current assets	331	119
Other	470	374
Total non-operating income	1,361	1,052
Non-operating expenses		
Interest expenses	390	384
Loss on redemption of securities	55	—
Commission expenses	259	266
Loss on retirement of non-current assets	116	282
Expenditures related tonatural disaster	102	148
Provision for loss on disaster	28	80
Other	177	163
Total non-operating expenses	1,129	1,326
Ordinary profit	10,467	26,631
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Extra retirement payments	2,145	—
Loss on termination of retirement benefit plan	113	—
Total extraordinary losses	2,259	—
Profit before income taxes	8,208	26,631
Income taxes - current	5,058	6,359
Income taxes - deferred	956	(413)
Total income taxes	6,015	5,946
Profit	2,193	20,685
Profit attributable to		
Profit attributable to owners of parent	2,193	20,685
Other comprehensive income		
Valuation difference on available-for-sale securities	(332)	1,124
Remeasurements of defined benefit plans, net of tax	(48)	(93)
Total other comprehensive income	(381)	1,031
Comprehensive income	1,812	21,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,812	21,716

3. Consolidated statement of change in net assets

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

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

4. Consolidated statements of cash flows

(Millions yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,208	26,631
Depreciation	10,082	8,801
Increase (decrease) in allowance for doubtful accounts	(257)	(92)
Increase (decrease) in provision for bonuses	(53)	288
Increase (decrease) in provision for shareholder benefit program	(254)	138
Increase (decrease) in retirement benefit liability	(122)	126
Interest income	(100)	(73)
Dividend income	(46)	(81)
Interest expenses	390	384
Foreign exchange losses (gains)	(8)	(0)
Loss (gain) on sale of investment securities	(198)	(12)
Loss (gain) on redemption of securities	55	—
Loss (gain) on sale of non-current assets	(331)	(93)
Loss on retirement of non-current assets	116	282
Loss (gain) on investments in investment partnerships	1	(14)
Extra retirement payments	2,145	—
Decrease (increase) in trade receivables	638	149
Decrease (increase) in advance payments to suppliers	1,305	(22)
Decrease (increase) in advance payments - other	537	(137)
Decrease (increase) in consumption taxes refund receivable	1,048	165
Decrease (increase) in inventories	230	(3,750)
Increase (decrease) in trade payables	464	987
Increase (decrease) in accounts payable - other	101	(345)
Increase (decrease) in accrued consumption taxes	(1,536)	361
Increase (decrease) in advances received	1,091	857
Increase (decrease) in deposits received from members	(1,338)	(1,380)
Other, net	797	729
Subtotal	22,966	33,901
Interest and dividends received	153	149
Interest paid	(393)	(382)
Income taxes paid	(3,969)	(6,338)
Income taxes refund	1,818	262
Extra retirement payments	(138)	(2,006)
Net cash provided by (used in) operating activities	20,436	25,585

(Millions yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(44,235)	(35,300)
Proceeds from withdrawal of time deposits	51,057	33,750
Purchase of short-term and long-term investment securities	(54,432)	(70,233)
Proceeds from sale and redemption of short-term and long-term investment securities	58,165	66,033
Purchase of property, plant and equipment	(7,007)	(7,682)
Proceeds from sale of property, plant and equipment	573	233
Purchase of intangible assets	(411)	(71)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,455)	(1,900)
Other, net	(208)	(52)
Net cash provided by (used in) investing activities	2,044	(15,224)
Cash flows from financing activities		
Proceeds from long-term borrowings	28,543	23,483
Repayments of long-term borrowings	(37,507)	(29,575)
Purchase of treasury shares	(3)	(7)
Repayments of lease liabilities	(478)	(486)
Dividends paid	(7,887)	(7,892)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(31)	(24)
Net cash provided by (used in) financing activities	(17,364)	(14,501)
Effect of exchange rate change on cash and cash equivalents	6	0
Net increase (decrease) in cash and cash equivalents	5,123	(4,139)
Cash and cash equivalents at beginning of period	33,472	38,596
Cash and cash equivalents at end of period	38,596	34,456

5. Segment Information

A. 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

B. 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