**Consolidated Financial Results for the Second Quarter Ended September 30, 2021 [J-GAAP]**
**Heiwa Corporation**

November 10, 2021

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, 2021
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, 2020 and 2021

**(Amounts less than one million yen are omitted.)**

## *1. Consolidated Operating Results*

| | Six months ended September 30, 2020 | YoY | Six months ended September 30, 2021 | YoY |
|---|---|---|---|---|
| | *(million yen)* | *(%)* | *(million yen)* | *(%)* |
| (1) Consolidated financial results | | | | |
| Net sales | 37,781 | (48.9) | 58,754 | 55.5 |
| Operating income | (4,680) | — | 4,733 | — |
| Ordinary income | (4,694) | — | 4,844 | — |
| Profit attributable to owners of parent | (6,179) | — | 2,543 | — |
| Earnings per share *(yen)* | (62.65) | | 25.79 | |
| Diluted earnings per share *(yen)* | — | | — | |

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 2,654 million, -% YoY
Six months ended September 30, 2020: (¥ 5,800)million, -% YoY

| | As of March 31, 2021 | As of September 30, 2021 |
|---|---|---|
| | *(million yen)* | |
| (2) Consolidated financial position | | |
| Total assets | 430,070 | 414,121 |
| Net assets | 226,242 | 221,976 |
| Shareholders' equity ratio (%) | 52.6 | 53.6 |
| Net assets per share *(yen)* | 2,293.78 | 2,250.54 |

(Reference) Shareholders' equity: As of September 30, 2021: ¥221,976 million
As of March 31, 2021: ¥226,242 million

## *2. Dividends*

| | Annual dividends per share | | | | |
|---|---|---|---|---|---|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | | | *(yen)* | | |
| FY3/2021 | — | 40.00 | — | 40.00 | 80.00 |
| FY3/2022 | — | 40.00 | | | |
| FY3/2022 (Forecast) | | | — | 40.00 | 80.00 |

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

### *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)
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 12, 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, 2021 | As of September 30, 2021 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 40,307 | 39,262 |
| Notes and accounts receivable - trade | 8,271 | 6,337 |
| Electronically recorded monetary claims - operating | 1,004 | 511 |
| Securities | 29,776 | 23,699 |
| Merchandise and finished goods | 2,125 | 1,813 |
| Raw materials and supplies | 7,811 | 7,189 |
| Other | 12,190 | 8,069 |
| Allowance for doubtful accounts | (302) | (289) |
| Total current assets | 101,184 | 86,593 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 65,226 | 65,052 |
| Land | 214,535 | 214,567 |
| Other, net | 13,668 | 14,044 |
| Total property, plant and equipment | 293,431 | 293,664 |
| Intangible assets | | |
| Goodwill | 5,947 | 5,774 |
| Other | 4,569 | 4,490 |
| Total intangible assets | 10,516 | 10,264 |
| Investments and other assets | | |
| Investment securities | 10,975 | 9,119 |
| Other | 14,487 | 14,798 |
| Allowance for doubtful accounts | (525) | (318) |
| Total investments and other assets | 24,938 | 23,598 |
| Total non-current assets | 328,886 | 327,527 |
| Total assets | 430,070 | 414,121 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,954 | 2,165 |
| Electronically recorded obligations - operating | 6,786 | 5,177 |
| Current portion of long-term borrowings | 37,301 | 43,213 |
| Income taxes payable | 2,206 | 1,625 |
| Provisions | 1,343 | 830 |
| Other | 15,272 | 14,575 |
| Total current liabilities | 66,864 | 67,588 |
| Non-current liabilities | | |
| Long-term borrowings | 84,153 | 72,375 |
| Retirement benefit liability | 5,318 | 5,438 |
| Other | 47,492 | 46,743 |
| Total non-current liabilities | 136,963 | 124,556 |
| Total liabilities | 203,827 | 192,145 |

(Million yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|---|---|---|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 16,755 | 16,755 |
| Capital surplus | 54,863 | 54,863 |
| Retained earnings | 155,594 | 151,218 |
| Treasury shares | (1,343) | (1,345) |
| Total shareholders' equity | 225,869 | 221,491 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 373 | 481 |
| Remeasurements of defined benefit plans | (0) | 2 |
| Total accumulated other comprehensive income | 373 | 484 |
| Total net assets | 226,242 | 221,976 |
| Total liabilities and net assets | 430,070 | 414,121 |

## *2. Consolidated statements of income and comprehensive income*

(Million yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|---|---|---|
| Net sales | 37,781 | 58,754 |
| Cost of sales | 31,285 | 42,778 |
| Gross profit | 6,495 | 15,975 |
| Selling, general and administrative expenses | 11,176 | 11,241 |
| Operating profit (loss) | (4,680) | 4,733 |
| Non-operating income | | |
| Interest income | 88 | 67 |
| Dividend income | 20 | 21 |
| Insurance claim income | 16 | 56 |
| Subsidy income | 315 | 2 |
| Electricity sale income | 88 | 82 |
| Other | 160 | 390 |
| Total non-operating income | 690 | 620 |
| Non-operating expenses | | |
| Interest expenses | 195 | 205 |
| Loss on redemption of securities | 59 | 55 |
| Commission expenses | 271 | 54 |
| Expenditures related tonatural disaster | 39 | 38 |
| Other | 139 | 155 |
| Total non-operating expenses | 704 | 509 |
| Ordinary profit (loss) | (4,694) | 4,844 |
| Extraordinary income | | |
| Total extraordinary income | — | — |
| Extraordinary losses | | |
| Impairment losses | 3,048 | — |
| Total extraordinary losses | 3,048 | — |
| Profit (loss) before income taxes | (7,743) | 4,844 |
| Income taxes | (1,563) | 2,301 |
| Profit (loss) | (6,179) | 2,543 |
| Profit attributable to | | |
| Profit (loss) attributable to owners of parent | (6,179) | 2,543 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 332 | 107 |
| Remeasurements of defined benefit plans, net of tax | 47 | 3 |
| Total other comprehensive income | 379 | 111 |
| Comprehensive income | (5,800) | 2,654 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (5,800) | 2,654 |

### *3. Segment Information*

A. Previous 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 | (5,795) | 2,460 | (3,334) | (1,346) | (4,680) |

B. Consolidated cumulative Second quarter under review (April 1, 2021 to September 30, 2021)

(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 | 15,260 | 39,289 | 54,549 | — | 54,549 |
| Assets transferred over time | — | 4,204 | 4,204 | — | 4,204 |
| Revenue from contracts with customers | 15,260 | 43,494 | 58,754 | — | 58,754 |
| Net sales to external customers | 15,260 | 43,494 | 58,754 | — | 58,754 |
| Internal net sales and transfers between segments | — | 0 | 0 | (0) | — |
| Total | 15,260 | 43,494 | 58,755 | (0) | 58,754 |
| Segment profit | (1,495) | 7,429 | 5,933 | (1,199) | 4,733 |