

Consolidated Financial Results for the Second Quarter Ended September 30, 2019 [J-GAAP] Heiwa Corporation

November 13, 2019

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 14, 2019

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, 2018 and 2019

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

	Six months ended September 30, 2018	YoY	Six months ended September 30, 2019	YoY
	(million yen)	(%)	(million yen)	(%)
(1) Consolidated financial results				
Net sales	80,211	29.0	73,911	(7.9)
Operating income	20,743	299.0	13,550	(34.7)
Ordinary income	20,350	306.2	13,532	(33.5)
Profit attributable to owners of parent	13,489	535.6	9,407	(30.3)
Earnings per share (yen)	136.77		95.37	
Diluted earnings per share (yen)	136.75		-	

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 9,543 million, -29.3% YoY
 Six months ended September 30, 2018: ¥ 13,501 million, +508.0% YoY

	As of March 31, 2019	As of September 30, 2019
	(million yen)	(million yen)
(2) Consolidated financial position		
Total assets	442,845	432,910
Net assets	225,052	230,649
Shareholders' equity ratio (%)	50.8	53.3
Net assets per share (yen)	2,281.58	2,338.33

(Reference) Shareholders' equity: As of September 30, 2019: ¥230,648 million
 As of March 31, 2019: ¥225,052 million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	(yen)				
FY3/2019	—	40.00	—	40.00	80.00
FY3/2020	—	40.00			
FY3/2020 (Forecast)			—	40.00	80.00

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

3. Consolidated Results Forecast for Year Ending March 31, 2020

	FY 3/2020	
	Full year	YoY
	(million yen)	(%)
Net sales	155,700	7.4
Operating income	28,600	2.1
Ordinary income	27,700	0.9
Profit attributable to owners of parent	18,000	10.2
Earnings per share (yen)	182.48	

(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 Monday, November 18, 2019. 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, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	42,461	35,657
Notes and accounts receivable - trade	8,493	11,891
Electronically recorded monetary claims - operating	1,834	859
Securities	50,719	48,622
Merchandise and finished goods	3,408	2,211
Raw materials and supplies	5,189	4,854
Other	9,857	8,217
Allowance for doubtful accounts	(472)	(480)
Total current assets	121,492	111,834
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	65,866	65,161
Land	207,012	207,026
Other, net	12,499	14,219
Total property, plant and equipment	285,377	286,407
Intangible assets		
Goodwill	5,357	5,212
Other	4,496	4,434
Total intangible assets	9,853	9,646
Investments and other assets		
Investment securities	13,612	12,733
Other	13,044	12,820
Allowance for doubtful accounts	(535)	(531)
Total investments and other assets	26,121	25,022
Total non-current assets	321,353	321,075
Total assets	442,845	432,910
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,442	2,826
Electronically recorded obligations - operating	7,480	6,482
Current portion of long-term borrowings	13,668	19,913
Income taxes payable	9,264	3,879
Provisions	3,326	2,568
Other	17,711	14,905
Total current liabilities	54,894	50,576
Non-current liabilities		
Long-term borrowings	107,088	95,689
Retirement benefit liability	4,846	4,908
Other	50,964	51,087
Total non-current liabilities	162,898	151,685
Total liabilities	217,793	202,261

(Million yen)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	16,755	16,755
Capital surplus	54,863	54,863
Retained earnings	154,638	160,100
Treasury shares	(1,332)	(1,333)
Total shareholders' equity	224,924	230,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	282	385
Remeasurements of defined benefit plans	(154)	(121)
Total accumulated other comprehensive income	127	263
Non-controlling interests	0	0
Total net assets	225,052	230,649
Total liabilities and net assets	442,845	432,910

2. Consolidated statements of income and comprehensive income

(Million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	80,211	73,911
Cost of sales	46,528	43,662
Gross profit	33,683	30,249
Selling, general and administrative expenses	12,939	16,698
Operating profit	20,743	13,550
Non-operating income		
Interest income	89	90
Dividend income	21	20
Gain on redemption of securities	2	—
Insurance claim income	31	84
Electricity sale income	93	90
Gain on sales of raw materials	25	20
Other	170	156
Total non-operating income	433	462
Non-operating expenses		
Interest expenses	279	212
Commission expenses	42	9
Expenditures related tonatural disaster	162	132
Provision for loss on disaster	207	23
Other	135	102
Total non-operating expenses	827	479
Ordinary profit	20,350	13,532
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	—	752
Gain on reversal of share acquisition rights	4	—
Total extraordinary income	4	752
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	20,355	14,285
Income taxes	6,865	4,877
Profit	13,489	9,407
Profit attributable to		
Profit attributable to owners of parent	13,489	9,407
Profit attributable to non-controlling interests	0	0
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	103
Remeasurements of defined benefit plans, net of tax	57	32
Total other comprehensive income	11	135
Comprehensive income	13,501	9,543
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,501	9,543
Comprehensive income attributable to non-controlling interests	0	0

3. Segment Information

A. Previous consolidated cumulative Second quarter (April 1, 2018 to September 30, 2018)

(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	37,027	43,183	80,211	-	80,211
Internal net sales and transfers between segments	-	5	5	(5)	
Total	37,027	43,188	80,216	(5)	80,211
Segment profit	15,666	6,761	22,428	(1,684)	20,743

B. 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	7,946	7,194	15,141	(1,590)	13,550