

# Consolidated Financial Results for the Third Quarter Ended December 31, 2018 [J-GAAP]

## Heiwa Corporation

February 8, 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: February 12, 2019

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 nine months ended December 31, 2017 and 2018

(Amounts less than one million yen are omitted.)

### 1. Consolidated Operating Results

	Nine months ended December 31, 2017	YoY	Nine months ended December 31, 2018	YoY
	(million yen)	(%)	(million yen)	(%)
(1) Consolidated financial results				
Net sales	100,233	(33.0)	111,451	11.2
Operating income	12,252	(65.8)	26,007	112.3
Ordinary income	11,649	(67.1)	25,783	121.3
Profit attributable to owners of parent	5,920	(74.7)	16,857	184.7
Earnings per share (yen)	60.09		170.91	
Diluted earnings per share (yen)	60.04		170.89	

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥16,588 million, +172.3% YoY  
 Nine months ended December 31, 2017: ¥6,092 million, -73.3% YoY

	As of March 31, 2018	As of December 31, 2018
	(million yen)	(million yen)
(2) Consolidated financial position		
Total assets	430,287	427,322
Net assets	216,701	225,438
Shareholders' equity ratio (%)	50.4	52.8
Net assets per share (yen)	2,197.75	2,285.49

(Reference) Shareholders' equity: As of December 31, 2018: ¥225,438 million  
 As of March 31, 2018: ¥216,690 million

### 2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	(yen)				
FY3/2018	—	40.00	—	40.00	80.00
FY3/2019	—	40.00	—		
FY3/2019 (Forecast)				40.00	80.00

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

### 3. Consolidated Results Forecast for Year Ending March 31, 2019

	FY 3/2019	
	Full year	YoY
	(million yen)	(%)
Net sales	155,300	17.0
Operating income	27,000	93.8
Ordinary income	26,300	100.7
Profit attributable to owners of parent	17,400	155.9
Earnings per share (yen)	176.48	

(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 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, 2018	As of December 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	41,405	31,964
Notes and accounts receivable - trade	8,607	8,045
Electronically recorded monetary claims - operating	2,744	1,627
Securities	44,839	50,159
Merchandise and finished goods	2,934	7,636
Raw materials and supplies	5,473	5,028
Other	12,802	9,961
Allowance for doubtful accounts	(598)	(453)
Total current assets	118,209	113,970
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	66,307	65,255
Land	201,995	202,157
Other, net	14,281	13,207
Total property, plant and equipment	282,584	280,620
Intangible assets	7,127	6,923
Investments and other assets		
Investment securities	10,010	13,461
Other	12,911	12,882
Allowance for doubtful accounts	(556)	(536)
Total investments and other assets	22,365	25,808
Total non-current assets	312,077	313,351
<b>Total assets</b>	<b>430,287</b>	<b>427,322</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,969	4,293
Electronically recorded obligations - operating	10,811	8,606
Current portion of long-term loans payable	35,228	29,575
Income taxes payable	2,663	4,844
Provision	2,519	1,864
Other	13,595	13,967
Total current liabilities	67,787	63,152
Non-current liabilities		
Long-term loans payable	87,888	83,087
Net defined benefit liability	4,597	4,727
Other	53,312	50,917
Total non-current liabilities	145,798	138,731
<b>Total liabilities</b>	<b>213,586</b>	<b>201,883</b>

(Million yen)

	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Capital stock	16,755	16,755
Capital surplus	54,858	54,863
Retained earnings	146,187	155,154
Treasury shares	(1,377)	(1,331)
Total shareholders' equity	216,423	225,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	519	164
Remeasurements of defined benefit plans	(253)	(166)
Total accumulated other comprehensive income	266	(2)
Share acquisition rights	11	—
Non-controlling interests	0	0
Total net assets	216,701	225,438
Total liabilities and net assets	430,287	427,322

## 2. Consolidated statements of income and comprehensive income

(Million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	100,233	111,451
Cost of sales	64,890	66,026
Gross profit	35,342	45,425
Selling, general and administrative expenses	23,090	19,418
Operating profit	12,252	26,007
Non-operating income		
Interest income	134	138
Dividend income	41	38
Gain on redemption of securities	64	331
Income from sales of electric power	117	124
Gain on sales of raw materials	164	28
Other	298	277
Total non-operating income	822	940
Non-operating expenses		
Interest expenses	516	409
Commission fee	119	47
Loss on retirement of non-current assets	501	123
Expenditures related to natural disaster	54	396
Provision for loss on disaster	43	66
Other	189	120
Total non-operating expenses	1,425	1,164
Ordinary profit	11,649	25,783
Extraordinary income		
Gain on sales of non-current assets	30	—
Gain on reversal of share acquisition rights	0	4
Total extraordinary income	30	4
Extraordinary losses		
Loss on retirement of non-current assets	30	—
Loss on valuation of investment securities	45	—
Total extraordinary losses	75	—
Profit before income taxes	11,603	25,788
Income taxes	5,683	8,930
Profit	5,920	16,857
Profit attributable to		
Profit attributable to owners of parent	5,920	16,857
Profit attributable to non-controlling interests	0	0
Other comprehensive income		
Valuation difference on available-for-sale securities	47	(355)
Remeasurements of defined benefit plans, net of tax	123	86
Total other comprehensive income	171	(269)
Comprehensive income	6,092	16,588
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,092	16,588
Comprehensive income attributable to non-controlling interests	0	0

### 3. Segment Information

#### A. Previous consolidated cumulative third quarter (April 1, 2017 to December 31, 2017)

(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	34,132	66,100	100,233	-	100,233
Internal net sales and transfers between segments	-	13	13	(13)	-
Total	34,132	66,114	100,247	(13)	100,233
Segment profit	3,106	11,494	14,601	(2,349)	12,252

#### B. Consolidated cumulative third quarter under review (April 1, 2018 to December 31, 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	45,135	66,316	111,451	-	111,451
Internal net sales and transfers between segments	-	5	5	(5)	-
Total	45,135	66,321	111,457	(5)	111,451
Segment profit	16,982	11,524	28,507	(2,499)	26,007