

Consolidated Financial Results for the Third Quarter Ended December 31 2024 [J-GAAP]

Heiwa Corporation

February 7, 2025

Stock code: 6412
 URL: <https://www.heiwanet.co.jp/>
 Shares listed: Tokyo Stock Exchange
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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, 2023 and 2024

(Amounts less than one million yen are omitted.)

1. Consolidated Operating Results

| | Nine months ended December 31, 2023 | YoY | Nine months ended December 31, 2024 | YoY |
|---|--|--------|--|------|
| | (million yen) | (%) | (million yen) | (%) |
| (1) Consolidated financial results | | | | |
| Net sales | 102,804 | (11.6) | 118,782 | 15.5 |
| Operating income | 19,314 | (31.4) | 28,768 | 49.0 |
| Ordinary income | 18,546 | (33.3) | 28,496 | 53.6 |
| Profit attributable to owners of parent | 11,609 | (43.4) | 20,583 | 77.3 |
| Earnings per share (yen) | 117.71 | | 208.70 | |
| Diluted earnings per share (yen) | — | | — | |

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥20,410 million, 89.1% YoY
 Nine months ended December 31, 2023: ¥10,790 million, (48.1)% YoY

| | As of March 31, 2024 | As of December 31, 2024 |
|--|----------------------|-------------------------|
| | (million yen) | |
| (2) Consolidated financial position | | |
| Total assets | 428,029 | 443,300 |
| Net assets | 239,185 | 251,705 |
| Shareholders' equity ratio (%) | 55.9 | 56.8 |
| Net assets per share (yen) | 2425.14 | 255,209 |

(Reference) Shareholders' equity: As of December 31, 2024: ¥251,705 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 | — | 40.00 | — | — | — |
| FY3/2025 (Forecast) | — | — | — | 40.00 | 80.00 |

(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 | YoY |
| | (million yen) | (%) |
| Net sales | 145,400 | 6.6 |
| Operating income | 26,700 | 14.0 |
| Ordinary income | 19,900 | (12.5) |
| Profit attributable to owners of parent | 12,100 | (27.2) |
| Earnings per share (yen) | 122.68 | — |

(Note)

1. Revision of the most recently disclosed consolidated results forecast: Yes
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 December 31, 2024 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 33,865 | 41,038 |
| Notes and accounts receivable - trade | 9,876 | 12,002 |
| Electronically recorded monetary claims - operating | 1,695 | 2,437 |
| Securities | 23,848 | 23,039 |
| Merchandise and finished goods | 2,223 | 2,654 |
| Raw materials and supplies | 15,302 | 14,793 |
| Other | 10,941 | 9,316 |
| Allowance for doubtful accounts | (346) | (334) |
| Total current assets | 97,406 | 104,948 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 63,119 | 63,370 |
| Land | 218,390 | 219,786 |
| Other, net | 18,124 | 24,947 |
| Total property, plant and equipment | 299,634 | 308,104 |
| Intangible assets | | |
| Goodwill | 5,705 | 5,710 |
| Other | 3,892 | 3,741 |
| Total intangible assets | 9,597 | 9,451 |
| Investments and other assets | | |
| Investment securities | 8,796 | 8,532 |
| Other | 12,812 | 12,479 |
| Allowance for doubtful accounts | (217) | (216) |
| Total investments and other assets | 21,391 | 20,795 |
| Total non-current assets | 330,623 | 338,351 |
| Total assets | 428,029 | 443,300 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,241 | 2,567 |
| Electronically recorded obligations - operating | 7,872 | 8,264 |
| Current portion of long-term borrowings | 10,423 | 14,486 |
| Income taxes payable | 5,751 | 1,366 |
| Provisions | 1,242 | 605 |
| Other | 22,447 | 22,976 |
| Total current liabilities | 50,978 | 50,268 |
| Non-current liabilities | | |
| Long-term borrowings | 94,276 | 96,216 |
| Retirement benefit liability | 5,291 | 5,265 |
| Other | 38,296 | 39,843 |
| Total non-current liabilities | 137,865 | 141,325 |
| Total liabilities | 188,843 | 191,594 |

(Millions of yen)

| | As of March 31, 2024 | As of December 31, 2024 |
|---|----------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 16,755 | 16,755 |
| Capital surplus | 54,864 | 54,864 |
| Retained earnings | 168,438 | 181,132 |
| Treasury shares | (1,356) | (1,357) |
| Total shareholders' equity | 238,701 | 251,394 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 481 | 299 |
| Remeasurements of defined benefit plans | 3 | 11 |
| Total accumulated other comprehensive income | 484 | 311 |
| Total net assets | 239,185 | 251,705 |
| Total liabilities and net assets | 428,029 | 443,300 |

2. Consolidated statements of income and comprehensive income

(Millions of yen)

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|---|--|--|
| Net sales | 102,804 | 118,782 |
| Cost of sales | 67,162 | 72,149 |
| Gross profit | 35,641 | 46,633 |
| Selling, general and administrative expenses | 16,327 | 17,865 |
| Operating profit | 19,314 | 28,768 |
| Non-operating income | | |
| Interest income | 51 | 74 |
| Dividend income | 33 | 65 |
| Insurance claim income | 44 | 140 |
| Electricity sale income | 96 | 90 |
| Gain on sale of non-current assets | 0 | 92 |
| Other | 217 | 240 |
| Total non-operating income | 445 | 703 |
| Non-operating expenses | | |
| Interest expenses | 291 | 523 |
| Commission expenses | 567 | 84 |
| Loss on retirement of non-current assets | 50 | 69 |
| Provision for loss on disaster | 100 | 101 |
| Other | 202 | 196 |
| Total non-operating expenses | 1,213 | 975 |
| Ordinary profit | 18,546 | 28,496 |
| Extraordinary income | | |
| Total extraordinary income | — | — |
| Extraordinary losses | | |
| Total extraordinary losses | — | — |
| Profit before income taxes | 18,546 | 28,496 |
| Income taxes | 6,936 | 7,912 |
| Profit | 11,609 | 20,583 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 11,609 | 20,583 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (845) | (181) |
| Remeasurements of defined benefit plans, net of tax | 27 | 8 |
| Total other comprehensive income | (818) | (172) |
| Comprehensive income | 10,790 | 20,410 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 10,790 | 20,410 |

3. Consolidated statements of cash flows

(Millions of yen)

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 18,546 | 28,496 |
| Depreciation | 6,663 | 6,707 |
| Increase (decrease) in allowance for doubtful accounts | 88 | (13) |
| Increase (decrease) in provision for bonuses | (625) | (547) |
| Increase (decrease) in retirement benefit liability | 2 | (11) |
| Interest and dividend income | (85) | (140) |
| Interest expenses | 291 | 523 |
| Commission expenses | 567 | 84 |
| Foreign exchange losses (gains) | (0) | (0) |
| Loss (gain) on sale of non-current assets | (0) | (92) |
| Loss on retirement of non-current assets | 50 | 69 |
| Decrease (increase) in advance payments to suppliers | (1,644) | 539 |
| Decrease (increase) in advance payments - other | (512) | (279) |
| Decrease (increase) in consumption taxes refund receivable | (1,246) | 1,238 |
| Decrease (increase) in trade receivables | (2,099) | (2,960) |
| Decrease (increase) in inventories | (4,731) | 83 |
| Increase (decrease) in trade payables | (45) | (1,081) |
| Increase (decrease) in accounts payable - other | 249 | (915) |
| Increase (decrease) in accrued consumption taxes | (175) | 1,105 |
| Increase (decrease) in advances received | 873 | 830 |
| Increase (decrease) in deposits received from members | (1,415) | (847) |
| Other, net | (77) | 219 |
| Subtotal | 14,671 | 33,009 |
| Interest and dividends received | 91 | 131 |
| Interest paid | (291) | (492) |
| Income taxes paid | (6,530) | (9,827) |
| Income taxes refund | 16 | 464 |
| Net cash provided by (used in) operating activities | 7,958 | 23,285 |
| Cash flows from investing activities | | |
| Payments into time deposits | (8,540) | (13,060) |
| Proceeds from withdrawal of time deposits | 17,180 | 11,810 |
| Purchase of short-term and long-term investment securities | (44,346) | (44,493) |
| Proceeds from sale and redemption of short-term and long-term investment securities | 51,302 | 44,995 |
| Purchase of property, plant and equipment | (9,003) | (13,549) |
| Proceeds from sale of property, plant and equipment | 2 | 93 |
| Purchase of intangible assets | (97) | (87) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (1,822) | (1,034) |
| Other, net | (490) | 81 |
| Net cash provided by (used in) investing activities | 4,185 | (15,245) |
| Cash flows from financing activities | | |

| | | |
|---|----------|---------|
| Proceeds from long-term borrowings | 4,133 | 13,434 |
| Repayments of long-term borrowings | (7,382) | (7,576) |
| Purchase of treasury shares | (2) | (0) |
| Dividends paid | (7,861) | (7,862) |
| Other, net | (403) | (441) |
| Net cash provided by (used in) financing activities | (11,515) | (2,446) |
| Effect of exchange rate change on cash and cash equivalents | 0 | 0 |
| Net increase (decrease) in cash and cash equivalents | 628 | 5,593 |
| Cash and cash equivalents at beginning of period | 34,456 | 39,874 |
| Cash and cash equivalents at end of period | 35,084 | 45,467 |

4. Segment Information

A. Previous consolidated cumulative Third quarter under review (April 1, 2023 to December 31, 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 | 26,322 | 69,098 | 95,421 | — | 95,421 |
| Assets transferred over time | — | 7,383 | 7,383 | — | 7,383 |
| Revenue from contracts with customers | 26,322 | 76,481 | 102,804 | — | 102,804 |
| Net sales to external customers | 26,322 | 76,481 | 102,804 | — | 102,804 |
| Internal net sales and transfers between segments | — | 1 | 1 | (1) | — |
| Total | 26,322 | 76,483 | 102,806 | (1) | 102,804 |
| Segment profit(loss) | 2,617 | 18,685 | 21,303 | (1,989) | 19,314 |

B. Consolidated cumulative Third quarter under review (April 1, 2024 to December 31, 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 | 39,214 | 72,019 | 111,233 | — | 111,233 |
| Assets transferred over time | — | 7,549 | 7,549 | — | 7,549 |
| Revenue from contracts with customers | 39,214 | 79,568 | 118,782 | — | 118,782 |
| Net sales to external customers | 39,214 | 79,568 | 118,782 | — | 118,782 |
| Internal net sales and transfers between segments | — | 2 | 2 | (2) | — |
| Total | 39,214 | 79,571 | 118,785 | (2) | 118,782 |
| Segment profit | 12,754 | 17,943 | 30,698 | (1,929) | 28,768 |