

Medium-Term Management Plan 2027



May 14, 2025

Heiwa Corporation (Securities Code: 6412)

Medium-Term Management Plan 2027

- ① Significance of the Heiwa Group's Vision and Medium-Term Management Plan
- ② Management Targets
- ③ Business Strategy
- ④ Financial Strategy
- ⑤ Sustainability

Medium-Term Management Plan 2027

- ① Significance of the Heiwa Group's Vision and Medium-Term Management Plan
- ② Management Targets
- ③ Business Strategy
- ④ Financial Strategy
- ⑤ Sustainability

Laying a foundation for sustainable growth to realize the Group Vision

We see the three years from FY2025 to FY2027 as a period to "Build a Foundation for Maximizing Group Earnings," which is to say, a foundation for sustainable growth

Heiwa Group Vision

A company creating a more enjoyable and prosperous future through comprehensive leisure activities

FY2025–FY2027

“Medium-Term Management Plan 2027”

Build a Foundation for Maximizing Group Earnings

● **FY2024**
Acquired Accordia Golf,
becoming the world's largest
golf course owner

● **FY2011**
Acquired PGM and
entered the golf business

● **FY2007**
Heiwa and Olympia integrated
management

Business Strategy

- Golf Business: Implement an all-round strategy and demonstrate synergy as a leading company
- Pachinko and Pachislot Machine Business: Transform into a high-profit structure
- Actively invest in growth areas
- Pursue a balance of return on capital and financial soundness

Financial Strategy

Medium-Term Management Plan 2027

- 1 Significance of the Heiwa Group's Vision and Medium-Term Management Plan
- 2 Management Targets
- 3 Business Strategy
- 4 Financial Strategy
- 5 Sustainability

**Actively invest and aim for EBITDA greater than 100 billion yen
while maintaining a balance with financial soundness**

	FY2024*1 (FY 3/2025)	FY2024*2 (FY 3/2025) pro forma	FY2027 (FY 3/2028)	CAGR*3 (FY2024→FY2027)
Net sales	¥145.8 billion	¥267.3 billion	¥327.0 billion	7.0%
Operating income	¥27.6 billion	¥53.5 billion	¥73.0 billion	11.2%
EBITDA	¥37.0 billion	¥79.8 billion	¥106.0 billion	10.1%
ROE	5.4%	9.2%	11.3%	—
Net interest-bearing debt / EBITDA ratio	Multiple 15.1	Multiple 7.0	Multiple 4.7	—

*1 In the FY2024 results, only the balance sheet is consolidated, since the deemed acquisition date of Accordia Golf Co., Ltd. is March 31, 2025.

*2 Pro forma figures include the FY2024 results plus FY2024 for Accordia Golf Co., Ltd.

*3 CAGR numbers for FY2024 are based on FY2024 pro forma figures

Management Targets (by Segment)

		FY2024*1 (FY 3/2025)	FY2024*2 (FY 3/2025) pro forma	FY2027 (FY 3/2028)	CAGR*3 (FY2024→FY2027)
Golf Business	Net sales	¥100.3 billion	¥221.8 billion	¥251.0 billion	4.2%
	Operating income	¥18.4 billion	¥44.2 billion	¥55.0 billion	7.7%
	EBITDA	¥26.8 billion	¥69.6 billion	¥86.0 billion	7.4%
Pachinko and Pachislot Machine Business	Net sales	¥45.4 billion	¥45.4 billion	¥76.0 billion	19.1%
	Operating income	¥11.8 billion	¥11.8 billion	¥21.0 billion	22.0%
	EBITDA	¥12.8 billion	¥12.8 billion	¥23.0 billion	22.4%
Consolidated (Group-wide after adjusting for consolidation)	Net sales	¥145.8 billion	¥267.3 billion	¥327.0 billion	7.0%
	Operating income	¥27.6 billion	¥53.5 billion	¥73.0 billion	11.2%
	EBITDA	¥37.0 billion	¥79.8 billion	¥106.0 billion	10.1%

*1 In the FY2024 results, only the balance sheet is consolidated, since the deemed acquisition date of Accordia Golf Co., Ltd. is March 31, 2025.

*2 Pro forma figures include the FY2024 results plus FY2024 for Accordia Golf Co., Ltd.

*3 CAGR numbers for FY2024 are based on FY2024 pro forma figures

Medium-Term Management Plan 2027

- 1 Significance of the Heiwa Group's Vision and Medium-Term Management Plan
- 2 Management Targets
- 3 Business Strategy**
- 4 Financial Strategy
- 5 Sustainability

Theme: Implement an all-round strategy and demonstrate synergy as a leading company

How we see the current circumstances

- Long term, the number of participants is trending downward. However, strong demand for play has persisted since the Covid-19 pandemic and is expected to continue for the foreseeable future.
- Inbound golf tourism demand is on the rise.
- Creating synergy between PGM and Accordia Golf will strengthen our earning power.

Basic strategy and actions



1 Integrate PGM and Accordia Golf

- As a leading company, strengthen initiatives to broaden the reach of golf
- Build a golf course portfolio meeting all types of needs

2 Get new customers

- Work to capture inbound demand
- Expand female and young customer base
- Strengthen hotel operations

3 Pursue synergy of integration

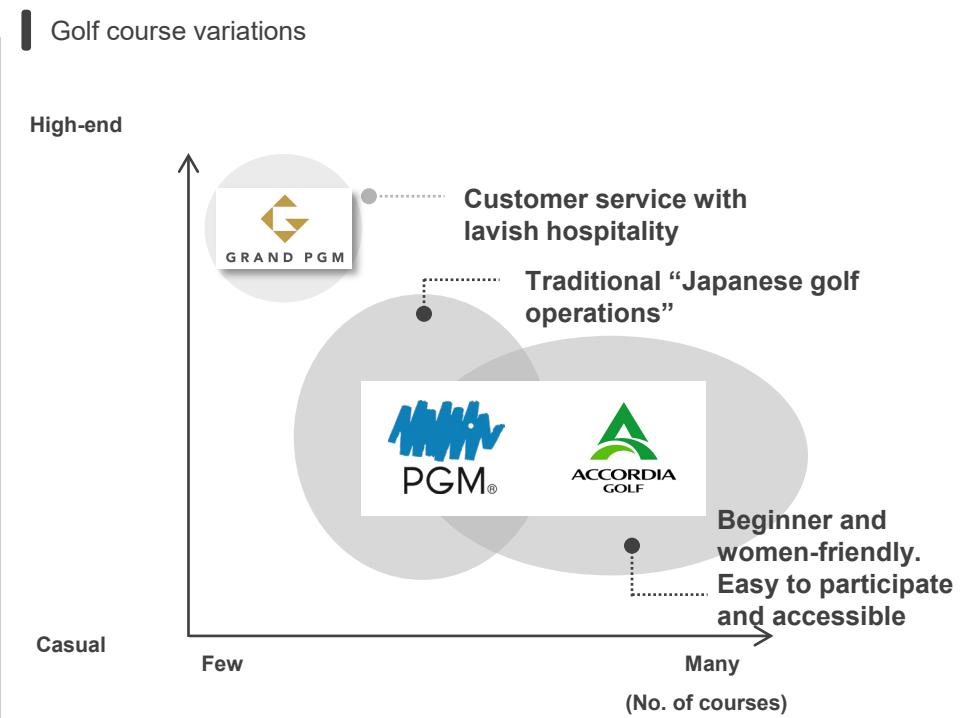
- Share operating know-how and put it into practice
- Use economies of scale to lower costs
- Mutually use management resources

1 Integrate PGM and Accordia Golf

- As a leading company, strengthen initiatives to broaden the reach of golf
- Build a golf course portfolio meeting all types of needs, from high-end to casual
 - Increase visitor count: Offer customers play choices by building a golf course portfolio meeting all types of needs
 - Optimize revenue per customer: Offer prices commensurate with golf course value, practice thorough revenue management, and use AI to forecast demand and set prices



*As of March 31, 2025

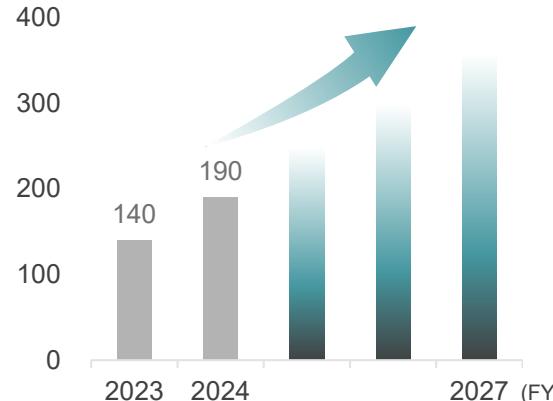


2 Get new customers

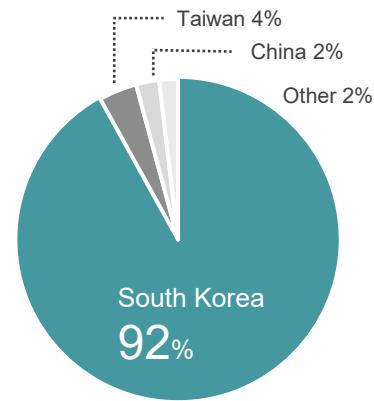
- Work to capture inbound demand
 - Offer multilingual websites
 - Strengthen sales
 - Enhance PR
- Expand female and young customer base
 - Actively invest: offer “Night Golf” and “Cool Carts,” renovate clubhouses, etc.
- Strengthen hotel operations
 - PGM Hotel Resort Okinawa to open in 2026

Number of foreign visitors (both companies combined)

(thousands of people)



Percentage of foreign visitors by country (both companies combined)



3 Pursue synergy of integration

- Share operating know-how and put it into practice
- Use economies of scale to lower costs
 - Centrally purchase fertilizers, foodstuffs, etc.
- Mutually use management resources
 - Integrate systems, mutually use personnel, integrate head office functions, etc.

Outlook for major synergies: Synergies to be realized in stages

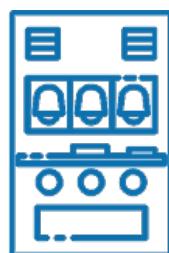
Major synergy	2025	2026	2027
Increase sales	Share operating know-how and put it into practice	Take inventory of know-how, share it, and put it into practice	Increase synergies by ensuring know-how is firmly established
Centralized purchasing		Unify procurement of foodstuffs, fertilizers, etc., gradually implement bulk purchasing	
System integration	Establish a shared intranet	One central booking website	Gradually integrate systems
Mutually use personnel	Share information & identify problems	Practice mutual use	Increase synergies by ensuring operations are firmly established
Integrate head office functions	Consolidate head office functions at Ueno site		Improve efficiency of operations and standardize them

| Theme: Transform into a high-profit structure

| How we see the current circumstances

- The participating population and number of pachinko halls continue to decline and the trend toward market contraction continues.
- Pachinko halls are extremely cautious about buying new machines, but there is high interest in pachinko and pachislot machines with new functions and game features.

| Basic strategy and actions



1 Create machines that will be a hit

- Be fastest to launch attractive specs and game features

2 Increase efficiency

- Reduce excess inventory by optimizing quantities of parts and materials ordered

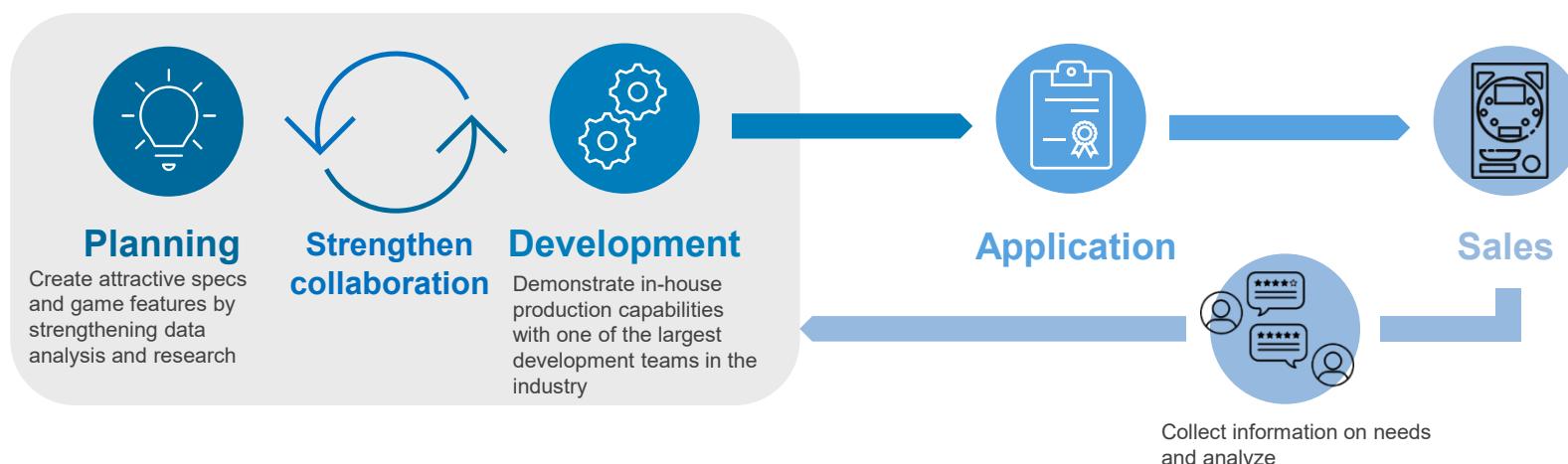
3 Strengthen personnel management

- Develop and maintain the type of personnel we aim to have

1 Create machines that will be a hit

- Be fastest to launch attractive specs and game features
 - Create attractive specs by combining player needs initiatives (market-in) and uniqueness (product-out)
 - Use BI tools to analyze data
 - Strengthen specs research (start a dedicated team)
 - Establish flexible development systems
 - Demonstrate in-house production capabilities to be fastest to launch to market

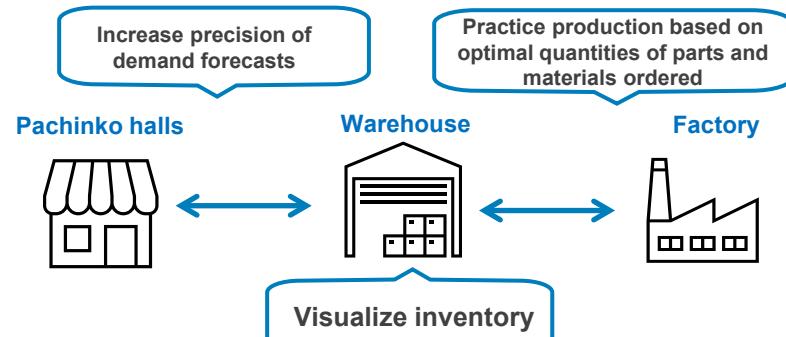
Development flow: Set up systems to incorporate attractive specs and game features as needed



2 Increase efficiency

- Reduce excess inventory by optimizing quantities of parts and materials ordered
 - Optimize demand forecasts and quantities of parts and materials ordered
 - Increase precision of demand forecasts
 - Visualize inventory
 - Build a cross-sectional monitoring system

Initiatives to reduce excess inventory



Build a cross-sectional monitoring system



3 Strengthen personnel management

- Develop and maintain the type of personnel we aim to have
 - Build training systems
 - Review evaluation system
 - Improve the internal environment so that it promotes employee growth and helps increase job satisfaction

Strengthen personnel management

The type of personnel we seek

People with a passion for helping people have fun

Transform into autonomous personnel and organizations

Increase engagement

Build training systems

- ✓ Enhance rank-specific and job-specific training
- ✓ Provide voluntary-participation training opportunities
- ✓ Hold workshops to share Management Philosophy

Develop

Maintain

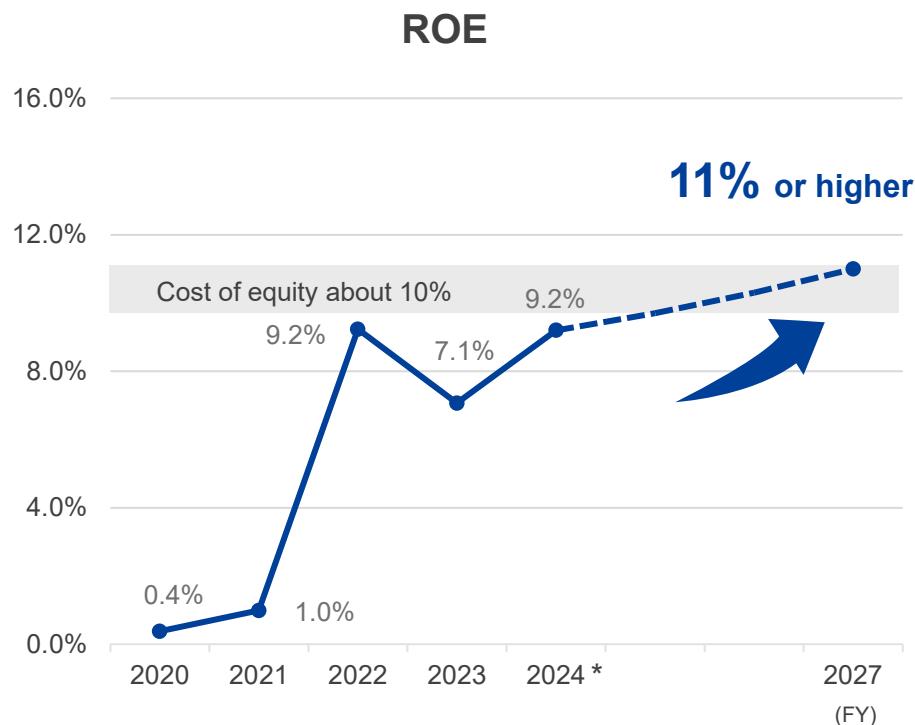
Improve the internal environment

- ✓ Review evaluation system
- ✓ Promote diversity
- ✓ Promote DX

Medium-Term Management Plan 2027

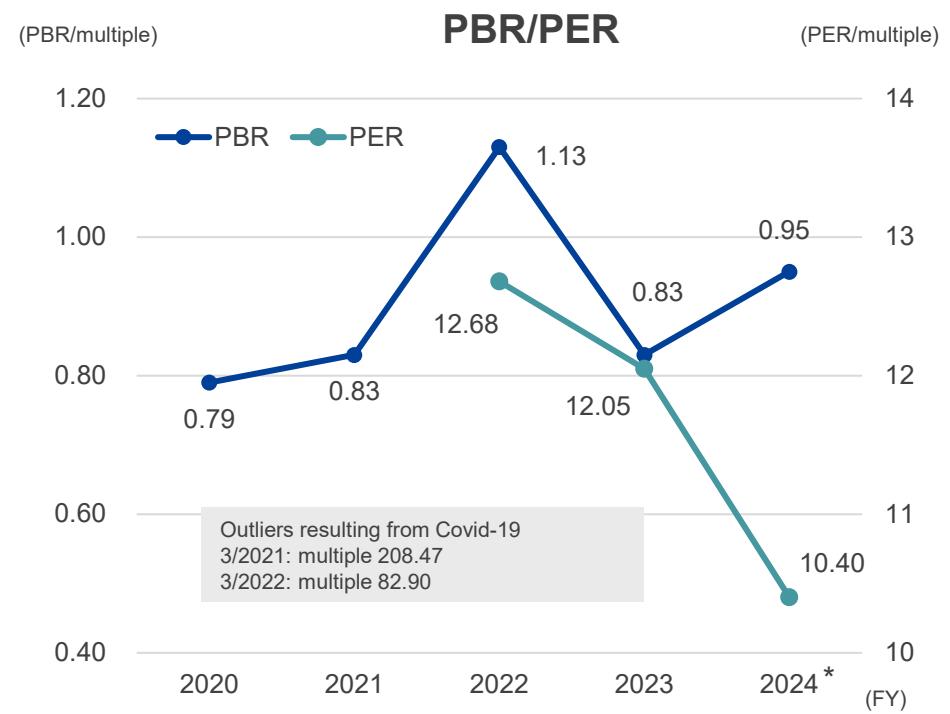
- 1 Significance of the Heiwa Group's Vision and Medium-Term Management Plan
- 2 Management Targets
- 3 Business Strategy
- 4 Financial Strategy
- 5 Sustainability

Aim for ROE of 11% or more by optimizing capital structure while implementing the Medium-Term Management Plan to increase profitability



- Reconsider cost of equity in connection with acquisition of Accordia Golf. Estimated to be about 10%
- Aim for ROE of at least 11%

* Figure for FY2024 is based on pro forma

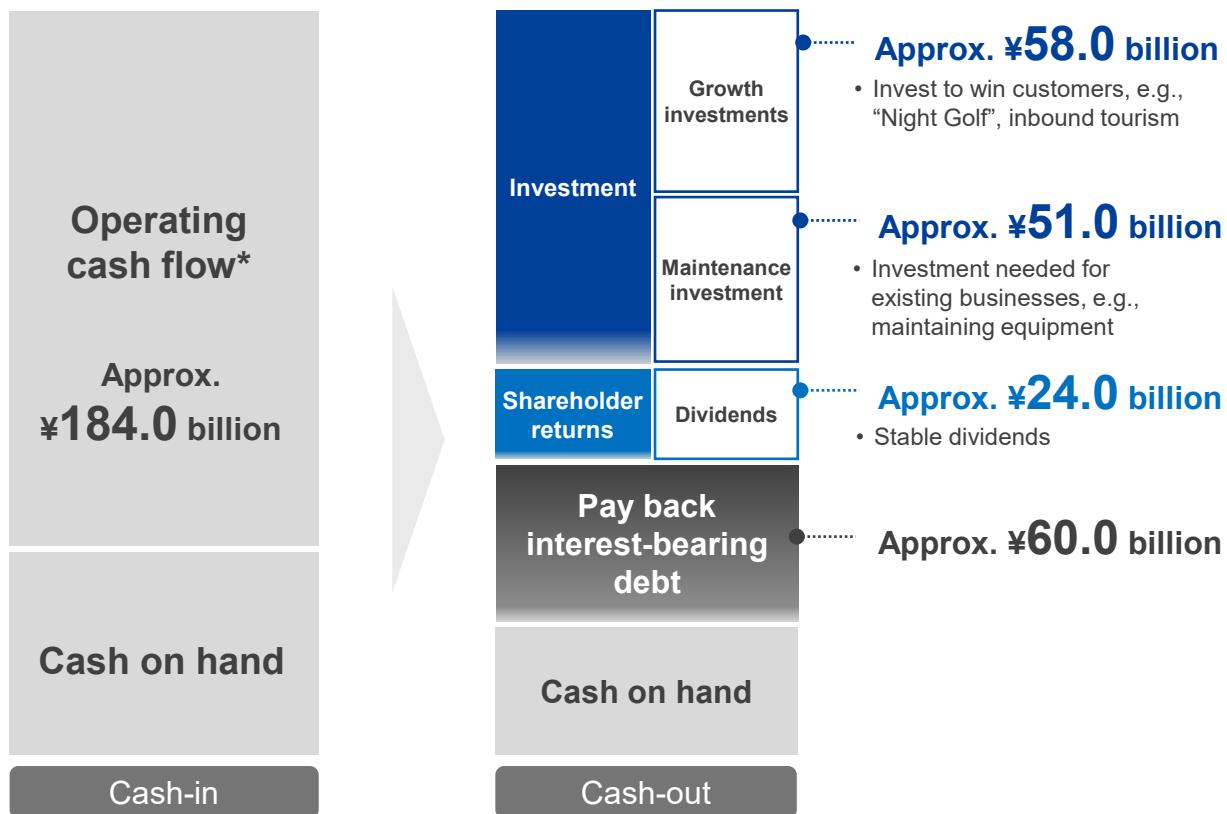


- PER is staying below the TSE Prime Market average of multiple 16
- Aim for PBR multiple of more than 1 in near future

* Figure for FY2024 is based on pro forma

Cumulative cash inflows for the three-year period are expected to total 184 billion yen. It will be allocated mainly to growth investments and reducing interest-bearing debt.

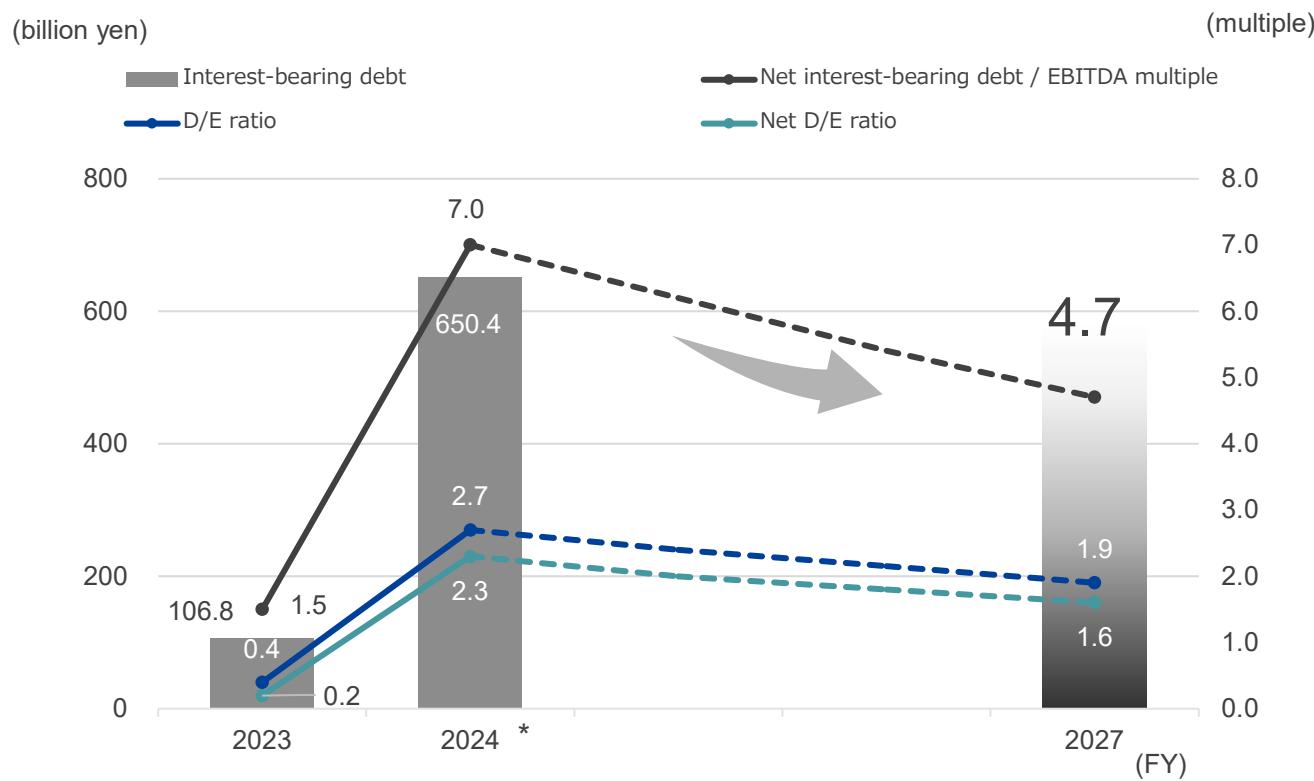
■ Cash allocation (cumulative over three years)



*Operating cash flow = operating income + depreciation + amortization of goodwill – interest paid – corporation taxes, etc.

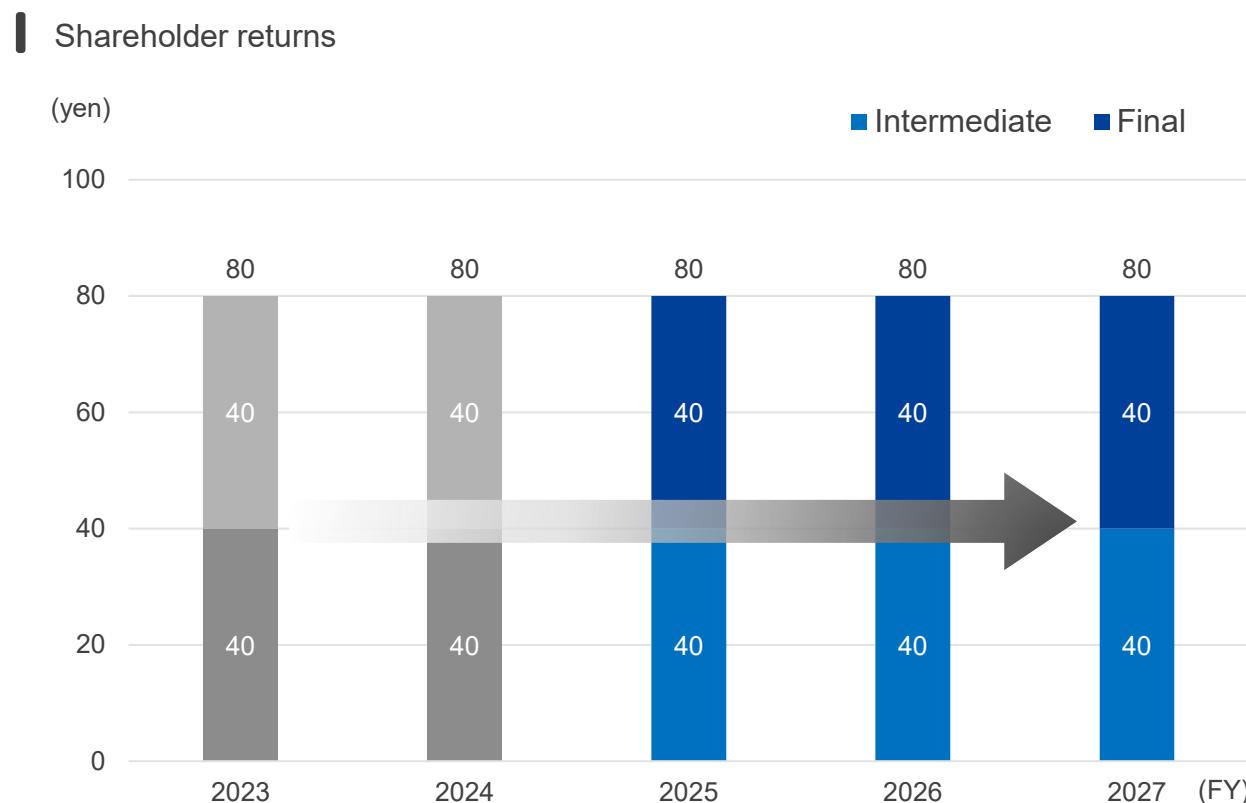
Aim for a net interest-bearing debt/EBITDA ratio of at least 4x to ensure financial soundness

Interest-bearing debt, net interest-bearing debt / EBITDA ratio, net D/E ratio, D/E ratio



*Figure for FY2024 is based on pro forma

The basis for our shareholder returns is to pay stable dividends of **¥80** per share, while maintaining a balance between growth investment and financial soundness.



Medium-Term Management Plan 2027

- 1 Significance of the Heiwa Group's Vision and Medium-Term Management Plan
- 2 Management Targets
- 3 Business Strategy
- 4 Financial Strategy
- 5 Sustainability

Through recreational activities such as pachinko and pachislot as well as golf, the Heiwa Group will contribute to the establishment of a society in which the values of various people are respected and create a more enjoyable and prosperous future.

Establishment of Sustainability Committee

In February 2024, the Group established a Sustainability Committee to formulate sustainability policies and strategies, identify key issues, monitor initiatives, and assess risks and opportunities. We promote sustainability activities throughout the Group.

Materialities (key issues) of the Heiwa Group

The Group has established two materialities and six important themes associated with them as issues to be addressed.

Information disclosure

We will proactively disclose information and items to be performed that concern sustainability. Disclosures include quantitative information related to each risk and opportunity item based on TCFD recommendations, and initiatives for environmental concerns.





HEIWA

(Caution Concerning Forward-Looking Statements, Etc.)

These materials contain statements about the future, such as plans, outlooks, targets, and forecast figures; however said statements are based on judgements and assumptions that are based on information that is currently available, and do not account for latent risks and uncertainties. Therefore, please be aware that actual future results may differ greatly from the aforementioned statements about the future due to the future business environment, economic conditions, financial market conditions, and a number of other factors.